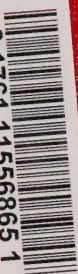


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# EMPLOYMENT INSURANCE

9

## 1997 Employment Insurance

### Monitoring and Assessment Report







December 1997

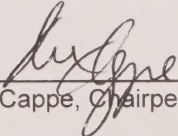
The Honourable Pierre S. Pettigrew  
Human Resources Development Canada  
Place du Portage, Phase IV  
140 Promenade du Portage  
Hull, Quebec  
K1A 0J9

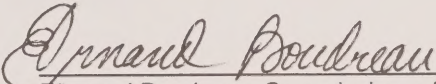
Dear Minister Pettigrew:

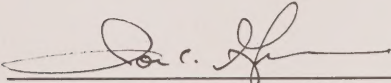
We are pleased to present to you the "1997 Employment Insurance Monitoring and Assessment Report" which is the first in a series of five annual reports to be submitted to the Minister of Human Resources Development by the Canada Employment Insurance Commission under Section 3 of the Employment Insurance Act.

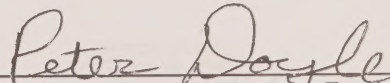
This report provides preliminary information which will assist in assessing the following issues over the longer term: the degree to which individuals, communities and the economy are adjusting to the new Employment Insurance system; the effectiveness of the benefits and measures provided; and the degree to which savings are being achieved. The report does not draw conclusions about the impacts of, or the effectiveness of, the reforms for a number of reasons. In particular, some of the elements of the reform have been in place for less than a year, the implementation of the Labour Market Development Agreements with the provinces and territories are only just commencing and time is required to obtain sufficient information in order to undertake such analysis. However, the report does provide available information on issues such as the level of benefits, number of claimants, and participants in active employment benefits, comparing the year immediately preceding the reform (July 1995 to June 1996) to the first year the new system was in place (July 1996 to June 1997). The report also provides details on the type of analysis which is now underway, as well as the analysis to be undertaken in the future.

We trust that you will find the report informative.

  
Mel Cappe, Chairperson

  
Bernard Boudreau, Commissioner for  
Workers

  
Ian Green, Vice-Chairperson

  
Peter Doyle, Commissioner for Employers





**1997 EMPLOYMENT INSURANCE**

**MONITORING AND ASSESSMENT REPORT**

Submitted to: The Minister of Human Resources Development

December 29, 1997

By: The Canada Employment Insurance Commission

Prepared by:

Human Resources Development Canada  
Employment Insurance Analysis Directorate  
Strategic Policy

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## EXECUTIVE SUMMARY

In light of the fact that the new Employment Insurance (EI) program is the most comprehensive reform of the system in 25 years, the Government of Canada committed to a thorough monitoring and assessment of individual, community and economic adjustment to the reform. The end product of this monitoring and assessment requirement is the submission of annual reports for the years 1997 through to 2001 to the Minister of Human Resources Development by the Canada Employment Insurance Commission. These reports are then to be tabled in Parliament by the Minister of Human Resources Development. This is the Commission's 1997 report -- that is, the first in the series of five reports to be submitted to the Minister of Human Resources Development.

While the EI reform process faced a budgetary requirement (as set out in the Government of Canada's 1995 Budget) to reduce program costs by at least 10%, the reform also represented a fundamental restructuring of the program. The primary objectives of this reform were to ensure that the system was responsive to the realities of today's labour market and to remove disincentives and inequities in the system. For these reasons, EI was designed as an integrated system of income and employment benefits which: continues to provide temporary income support to those who have lost their jobs through no fault of their own; places a greater emphasis on "active" re-employment assistance to help unemployed Canadians to find, create, and keep jobs; encourages greater work effort while at the same time protecting those in need; and simplifies the administrative processes for employers.

Given the magnitude of the reform, the limited time some reform elements have been in place and the time required to obtain complete information, only preliminary analysis could be undertaken for this report. Subsequent reports will provide more comprehensive information and detailed analysis, outlining the degree to which individuals, communities and the economy are adjusting to the new EI program. The highlights of the 1997 Report follow.

### Context

- Labour market trends have underscored the need for Canadians to adapt to a rapidly changing labour market, including the need to continuously increase and update skill levels and changing patterns of work.
- By placing a greater focus on "active" re-employment benefits which are designed to help Canadians get back to work and by reflecting the varying patterns of work in the design of the program, EI attempts to respond to these labour market realities.

- Since the early 1990s, the proportion of unemployed individuals in receipt of EI income benefits has been declining. Both labour market and program changes can affect this ratio. The Department of Human Resources Development is now undertaking an in-depth analysis of this decline and will be releasing a separate analytical paper on the results of this work in 1998.

## **Reform Components and Implementation**

- The two elements of the new EI system are:
  - a) Part I Income Benefits which include a new hours-based eligibility regime and a new method of calculating weekly income benefit levels;
  - b) Part II Employment Benefits and Support Measures (EBSM) which focus on results-oriented assistance designed to help Canadians find, create, and keep jobs.
- The EI system also put in place a new financing framework.
- Increased penalties were established for individuals and employers who intentionally defraud the EI program.
- The new EI system also facilitates the establishment of new partnerships with the provinces and territories for the design and delivery of Part II benefits and measures. Agreements have been signed with eight provinces and discussions are continuing in two provinces and the two territories.

## **What is known so Far - Income Benefits**

- Given that many of the reform elements have been in place for less than a year and limited information is available at this stage, it is premature to draw conclusions about the impact of the reform on income benefit levels and the number of claimants. Changes observed are the result of a myriad of factors including shifts in the unemployment rate, job losses, and the duration of employment, as well as EI reform.
- Comparing the period July 1995 to June 1996 (the year prior to the implementation of EI) to the period July 1996 to June 1997 (the first year EI was in place) shows that regular Part I income benefits, excluding payments to Part II participants, have declined by about 8.4%.
- While the reform was not expected to substantially reduce the number of claimants, the actual number of initial claimants has declined from 2.13 million in

the 12 months prior to reform to 1.82 million in the 12 months after the reform. However, it is unlikely that this decline is due primarily to reform. The improving economy - the creation of jobs and the decline in the number of job losses over the period - is also contributing to the decline.

- While average weekly EI benefits which individuals are entitled to have declined slightly, early indications are that the size of the decline is smaller than expected. Again this may be a result of the improving economy, and possibly some behavioural changes, which are enabling some individuals to obtain additional weeks of work prior to collecting EI benefits.
- Preliminary information suggests that behavioural change is occurring, particularly in Atlantic Canada, where some individuals appear to be finding the extra weeks of work to prevent a reduction in weekly benefits.

### **What is known so Far - Employment Benefits and Support Measures (EBSM)**

- The implementation of the new Employment Benefits and Support Measures represented significant changes: building new partnerships with the provinces and territories; establishing a results-based accountability framework; eliminating the extension of income benefits for claimants participating in active measures; and, the phasing out of training purchases.
- In the first 12 months of the reform, about 305,000 people participated in Part II Employment Benefits and Support Measures compared to 230,000 claimants participating in similar measures under UI in the 12 months prior to the reform.
- There was a significant change in the types of employment interventions provided to clients with an increase in the share of participants receiving short-term interventions (e.g., information and counselling) and a decrease in longer-term interventions (e.g., training purchases).
- Women represented a slightly higher proportion of those receiving employment benefits, increasing from 42% to 43%. The participation rates for persons with disabilities remained constant. Due to the fact that individuals must self-identify, further evaluative work is required to determine the participation rates for Aboriginal peoples and visible minorities.
- A survey of clients, service providers and representatives of official language minority communities indicate that the provision of primary services such as information and counselling services are generally available to members of official language minority communities. However, the availability of interventions such as training programs in the minority language was an issue of concern.



- Overall expenditures on EBSM declined from \$1.7 billion in the period preceding the reform to \$1.2 billion for the 12 months after the reform. However, this decline was due to the fact that client interventions declined substantially in the first few months following the reform as new measures and implementation procedures were being put in place. In fact, it is now estimated that the expenditure levels for 1997/98 are fully on track and as a result the overall expenditures for this fiscal year will exceed 1996/97 expenditures.
- Average costs per participant in Employment Benefits and Support Measures declined from \$7,300 to \$3,900, reflecting a significant shift to shorter interventions.
- Initial evaluation findings indicate that a majority of clients reported that they acquired new skills and competencies, gained useful work experience from employment benefits and that the measures helped them to assume more responsibility for developing a return-to-work plan.
- While funded through the Consolidated Revenue Fund (CRF), the Transitional Jobs Fund (TJF) was established as a key tool to assist high unemployment regions to adjust to the changes introduced with the new EI system. As of December 1997, the Transitional Jobs Fund has committed \$178.5 million to 499 projects designed to create lasting jobs in high unemployment communities across Canada, and about \$1.4 billion has been contributed by partners. This will result in about 24,000 jobs being created.

### **What is known so Far - Community Adjustment**

- The examination of community adjustment involves qualitative and quantitative analysis of 14 communities selected from across Canada to represent various types of economies.
- A profile of the communities reveals a number of key differences, such as: the level of average income; the level of reliance on social assistance; the average number of weeks worked before establishing an EI claim (much lower in high unemployment communities); the share of people working the minimum amount to qualify for EI (much higher in communities in Atlantic Canada).
- The information at the community level also suggests that some behavioural changes are occurring - for example, there was a decline in the proportion of claims exactly meeting the entrance requirement to qualify for benefits in the communities in Atlantic Canada and an increase in the proportion of claims with an extra two weeks of work.

- Some findings from qualitative analysis indicate that: workers in communities characterized by seasonal employment tended to be more aware of the changes than those in non-seasonal communities or urban centres; seasonal workers in Eastern Canadian communities indicated some employers increased the number of hours of work for their employees in response to EI changes, while there was little evidence of similar actions by Western Canadian employers.

## **Overall Results and Savings**

- At the time of the reform, savings were expected to result from reduced income benefits, increased penalties for fraud, and enhanced claimant assistance.
  - For the first 12 months of the reform, regular income benefits, excluding payments to Part II participants, declined by 8.4%; however, this reduction may be due primarily to other factors such as the 6% decline in job losses.
  - The reform introduced new penalties to reduce employer and claimant fraud. While the level of detected claimant fraud has diminished from \$101.3 million to \$81.9 million, the value of employer penalties increased by 97% to about \$2 million.
  - Enhanced claimant services were intended to ensure claimants return to work as quickly as possible; however, to date these services have not been used extensively.
- In terms of the results achieved from the new Part II Employment Benefits and Support Measures (helping people find work and reducing Part I Income Benefit payouts), only preliminary information is available as reporting systems were not fully operational. However, evaluations indicate that targets were being met with 55% or 170,000 of Part II participants being employed for at least three months following the interventions.

## **Conclusion**

- At this stage it is too early to assess the degree to which individuals, communities and the economy are adjusting to the reform or to measure the effectiveness of the new employment benefits and measures which have been put in place. However, a comprehensive monitoring and assessment work plan has been put in place to ensure that future reports more fully respond to these issues.





## ***Introduction and Overview***

The new EI system represents the most fundamental restructuring of the Unemployment Insurance (UI) program in 25 years. That is why the Government of Canada made a legislative commitment to monitor and assess: how individuals, communities, and the economy are adjusting to the reform; whether savings are being realized; and the effectiveness of the benefits and measures being provided. This is the first in a series of five reports by the Canada Employment Insurance Commission which the Minister of Human Resources Development will table in Parliament annually for the years 1997 to 2001.

Specifically, section 3(1) of the EI Act states that:

"The Commission shall monitor and assess

- a) how individuals, communities and the economy are adjusting to the changes made by this Act to the insurance and employment assistance programs under the *Unemployment Insurance Act*;
- b) whether the savings expected as a result of the changes made by this Act are being realised; and
- c) the effectiveness of the benefits and other assistance provided under this Act, including
  - (i) how the benefits and assistance are utilised by employees and employers, and
  - (ii) the effect of the benefits and assistance on the obligation of claimants to be available for and to seek employment and on the efforts of employers to maintain a stable workforce".

Given the timing of the reform, only preliminary analysis could be undertaken for this report. Annex A describes the data that the report draws upon to measure adjustment. Adjustment to such a significant reform takes time. As a transitional measure, this report focuses on preliminary data spanning the period from July 1996 to June 1997, the first year the new EI system was in place. In future reports, data will be provided on a fiscal year basis, consistent with the Public Accounts of Canada.

Many elements of the reform of income benefits, such as the hours-based system, came into force in January 1997 and other elements, such as the intensity rule and the strengthened clawback, will gradually take effect as individuals establish a history of

benefits collected since July 1996. Moreover, a complete picture of a claimant's benefits is only available with a significant lag. It takes several months following the end of a claim for administrative information to be made available for analysis. In addition, information on measures such as the strengthened clawback provisions are only available much later as the measure is operated through the tax system. As well, in the first year of implementation, the new employment benefits were being phased in at the same time that a major restructuring of the HRDC delivery network was underway and new arrangements were being developed with the provinces and territories.

For the above reasons, this report provides preliminary data only, as it is premature to assess the medium-term results achieved. More comprehensive data and rigorous assessment will be provided in subsequent reports when sufficient time has elapsed for interventions and benefit entitlements to be complete and data have been collected and fully analysed.

The report is organized as follows:

- Chapter 1 explains the overall context and objectives of the reform. It also describes recent labour market developments, previous reforms, and the declining beneficiary to unemployed ratio.
- Chapter 2 reviews the elements of the reform and summarizes the impacts on individuals, sectors, and regions as estimated at the time of the reform.
- Chapter 3 describes the new labour market partnerships with the provinces and territories to design and deliver employment benefits, outlining: the objectives of the Labour Market Development Agreements; the agreements signed to date; the level of expenditures and results targets; and the accountability framework.
- Chapter 4 provides an initial assessment of what is known so far with respect to individual adjustment and income benefit changes on an individual, sectoral, and regional level.
- Chapter 5 provides an initial assessment of what is known so far with respect to the impact of the Employment Benefits and Support Measures.
- Chapter 6 describes preliminary information on what is known so far with respect to community adjustment, based on qualitative and quantitative information about 14 communities.

- Chapter 7 outlines the overall results which have been achieved to date, including the broad level of savings.
- The final chapter provides a brief summary about what is known to date and sets out next steps in the monitoring and assessment process.

## ***Chapter 1 - The Context***

This chapter situates the reforms, outlining: the broader labour market context; the previous reforms to the Unemployment Insurance program; and the decline in the percentage of unemployed in receipt of income benefits.

### **I. RECENT LABOUR MARKET DEVELOPMENTS**

The economy and labour market have been profoundly affected by rapid technological advancement, liberalization of trade, and globalization of markets. The new EI program was implemented within the context of such overall trends and, in part, responds to these changes. As well, the new program structure gave recognition to the fact that certain regions of the country (e.g., Atlantic Canada) are quite heavily reliant on seasonal industries.

The Canadian economy and labour market have shifted over time from primary industries to secondary industries and, more recently, towards the service sector. Within the services sector, knowledge or information-based industries have been growing dramatically. All sectors of the economy are having to respond to the challenges of competing in a global economy, placing a premium on a skilled, adaptable workforce.

The shifts in the industrial structure have had significant impacts on the occupational structure, rendering some occupations and skills out-moded and others more important. This process has resulted in some people losing not only a job, but also an occupation. At the same time, growing and emerging industries and new occupations are developing which may require workers with different skill sets. Adjustment to opportunities within knowledge-based industries, as well as firm closures and permanent layoffs, requires a flexible labour force that is able to retrain, develop, and acquire skills.

The demand for workers will continue to shift towards occupations that require higher levels of education and training. It is projected that the demand for higher-skilled employees, managers, and professionals will grow faster than for lower-skilled employees over the next three years. It is estimated that overall employment growth between 1997 and 2001 will average about 2.0 % per year, the management, professional, and skilled categories will average 2.1% growth, whereas the semi-skilled and low-skilled categories will average 1.8% - at a decreasing rate over the period. As well, new technologies are disproportionately displacing low-skilled jobs; about two-thirds of jobs lost due to computer-based technology, in the 1992-94 period, were semi- or un-skilled jobs, while of new jobs created in this period only 26% were semi- or un-skilled jobs. In contrast, 53% were managerial and professional jobs and 21% were



skilled and technical jobs. Moreover, lower-skilled workers face higher unemployment and lower earnings. Of workers over the age of 24, those with less than post-secondary education credentials experience higher unemployment rates (in 1996, 10.5% compared to 6.7% for those with post-secondary credentials) and lower participation rates (in 1996, 55.2% as opposed to 79.0% for those with post-secondary credentials).

Long-term unemployment increased particularly between 1990 and 1994. The proportion of unemployed with a period of unemployment of more than one year increased from 5.5% in 1990 to 14.8% in 1994. Since that time, the proportion of long-term unemployed has declined somewhat, to 13.7% and 13.6% in 1995 and 1996 respectively. Similarly, the average duration of unemployment increased from 1990 (16.8 weeks) to 1994 (25.7 weeks); over the last few years, the average duration of unemployment has decreased, reaching 22.4 weeks in October 1997. Skill requirements are changing at a rapid pace; the longer the period of unemployment, the greater the likelihood that a person's skills may become obsolete. This deterioration of skills has a direct impact on the employability of the person. Life-long learning, skills maintenance, or re-focusing a career path is required in today's labour market to ensure economic security through employment.

In examining the hours of work, data show that the average hours worked per week by individuals at their main job for those in paid employment has remained fairly constant over the 1994 to 1997 period, ranging between 34 and 32 hours per week. The average hours worked by individuals in all jobs remained fairly constant over this period at about 35 hours per week. During the same period, the average overtime hours worked per week in a main job for those in paid employment increased somewhat more recently, reaching 1.7 hours in the first half of 1997 compared to 1.1 in the first half of 1996.

There has been strong employment growth since the trough of the last business cycle. From April of 1992 to November 1997, employment increased by 1.27 million jobs; over 75% or 958,000 of those jobs were full-time, while 312,000 were part-time. A prominent area of growth was in self-employment, which accounted for 530,000 or 42% of all jobs created.

Recent job growth has also been strong; in the six month period from June 1997 to November 1997, 160,000 jobs were created, of which 130,000 (or 81%) were full-time jobs. Moreover, job growth is projected to be strong in the future. In its July 1997 Employment Outlook, the OECD estimated that Canada will experience strong employment growth over the next three to five years. In fact, Canada is forecast to experience a 2.0% growth rate in 1998, well above the OECD average of 1.1% and the highest amongst G-7 countries.

The first eleven months of 1997 displayed strong employment growth and the vast majority of jobs created were full-time. To ensure that this growth continues, it is vital that the labour market is responsive to future demand and that workers possess the skills to ensure their economic security and prosperity.

## **II. HISTORICAL PROGRAM PERSPECTIVE**

Employment Insurance is a social insurance program that has evolved since its inception to incorporate a balance of insurance and income supplementation features. The Depression of the 1930s led to the recognition of the need for a program to support unemployed Canadians. It was agreed that constitutional authority for unemployment insurance be assigned to the federal government. The 1940 Unemployment Insurance Act established a social insurance program that reflected insurance principles. Initially, the program covered jobs in industries with unpredictable risks of unemployment, resulting in coverage for about 42% of the population. Industries with a history of repeated unemployment, and those with stable employment were not covered. However, from the start, the UI program also included social insurance features such as a higher benefit rate for claimants with dependants.

Between 1944 and 1970, the program was gradually extended to include coverage for seasonal workers and the fishing industry, and supplementary benefits over part of this period for those who were unable to qualify or had exhausted benefits. These expansions of the program enhanced the income supplementation features of UI.

Reflecting the healthy state of federal finances and the view that the traditional stability of jobs could no longer be taken for granted, the 1971 reform recognized the increasing cost of living, regional economic conditions, and the increasing participation of women in the labour force. The 1971 reform was a major expansion of the program: coverage was expanded to 90% of workers; eligibility requirements were dramatically reduced; benefit rates were increased to as much as 66<sup>2/3</sup>%; extended benefits were introduced in regions of higher unemployment; and benefits for illness, maternity, and retirement were introduced.

Subsequently, in the context of growing fiscal deficits and the need for fiscal restraint, the federal government introduced changes to the program designed to hold costs in check. Successive reforms in 1990, 1993, and 1994 focused on reducing program costs while at the same time facilitating labour market adjustment by: reducing the benefit rate; increasing entrance requirements; reducing the duration of entitlement of a claim; ending eligibility for individuals who voluntarily quit their job without just cause; and placing an increasing emphasis on active re-employment measures.

Specifically, in 1990, Bill C-21 tightened entrance requirements; increased the disqualification periods for people who quit their jobs without just cause or are fired for

misconduct and reduced the benefit rate from 60% to 50% after the disqualification period; increased flexibility in eligibility and duration for maternity, parental, and sickness benefits; and redirected \$800 million to active employment measures. In 1993, Bill C-113 denied benefits for people who quit their jobs without just cause or are fired for misconduct and lowered the benefit rate from 60% to 57%. Bill C-17, in 1994, established a two-level benefit scheme; that is, a rate of 55% for most claimants and a rate of 60% for claimants with low insured earnings and dependants. Bill C-17 also reduced the duration of entitlement and increased the minimum entrance requirement from ten to twelve weeks in the highest unemployment regions.

Overall, evaluations of the C-17 reform found that workers were able to find the extra weeks of employment required to qualify for benefits. Although a great percentage of the unemployed were still able to qualify, the period for which they could claim benefits was reduced. While, on average, the benefit entitlement period was reduced by nearly 8 weeks, it actually resulted in people receiving benefits for, on average, 3.4 fewer weeks.

### **III. THE DECLINING BENEFICIARY TO UNEMPLOYED (B/U) RATIO**

There are several important, but imperfect, measures which can be used to assess the impact of changing labour market conditions and program adjustments on the unemployed. The most commonly used is the beneficiary to unemployed (B/U) ratio, which is the number of regular EI beneficiaries divided by the number of unemployed workers. Using a 12-month rolling average of the number of EI beneficiaries to the total number of unemployed shows that the ratio has declined from 83% in 1989 to about 43% for the 12-month period ending October 1997. While the ratio has never perfectly tracked the ups and downs of the business cycle, over the period of the 1970s and 1980s it generally ranged between 65% and 85%. However, since 1990 it has been on a consistent decline. On the surface, this measure purports to represent the percentage of unemployed Canadians who are in receipt of EI benefits at any one point in time. However, for a number of reasons, most of which stem from the fact that two somewhat incompatible data sources are used to calculate the ratio, it is an imperfect measure; for example:

- some EI beneficiaries are not counted as unemployed by Statistics Canada's Labour Force Survey because they work while collecting benefits;
- some EI beneficiaries, particularly in high unemployment regions, indicate on the Labour Force Survey that they are not looking for work - therefore, they are collecting EI benefits but are not counted as unemployed;
- some unemployed individuals are only temporarily ineligible for benefits - for example, individuals who are unemployed for two weeks or less and those



currently in receipt of severance benefits; and

- some unemployed individuals do not collect EI benefits because they know they are returning to work shortly or they were previously self-employed and consequently have no "insured" employment.

Given these facts, it is important to look at the B/U ratio from a number of perspectives, and in particular to keep in mind that it is the overall trend which may be most meaningful. In an effort to gain a better understanding of the ratio and, in particular, to assess the reasons for the continuing decline, HRDC is undertaking an extensive analysis of this issue using the results of supplementary questions on a number of Statistics Canada's monthly Labour Force Surveys. This analysis will focus on identifying and determining the reasons why unemployed individuals are not collecting EI and the degree to which such individuals are facing financial hardship.

The survey will also help to provide a better understanding of why there is a significant difference in the ratio across regions. The B/U ratio in Atlantic Canada has been consistently much higher than the national average. The ratio is also somewhat higher than the national average in Quebec and consistently lower than the national average in Ontario and the Western provinces. The reasons for these differences could include factors such as: the higher proportion of seasonal workers in the Atlantic provinces and Quebec; and the higher unemployment rates in these regions, which results in individuals facing lower entrance requirements and longer duration of EI benefits. As well, it would appear that the ratio may be inflated in some regions due to the fact that a higher proportion of EI beneficiaries indicate that they are not looking for work and therefore are not counted as unemployed; for example, until about 1993, the ratio in Atlantic Canada exceeded 100%. However, the decline in the ratio has been occurring in all regions. For example, the ratio in Atlantic Canada has declined to about 75%. In comparison, the ratio in Ontario fluctuated around 60% for most of the 1980s and has since declined to about 33%.

While there can be two key reasons for the decline in the B/U ratio - labour market changes and EI program changes - it is not possible at this stage to determine the degree to which each has affected the ratio. The results of the surveys being conducted with Statistics Canada will facilitate this type of assessment. The key labour market changes which may have affected the ratio are: the dramatic rise in the number of individuals unemployed for more than one year between 1990 and 1994, and the increase in the number of self-employed and contract workers more recently. The legislative changes which may have affected the ratio the most are: the disqualification of those who quit their job without just cause in 1993; the increases to the entrance requirements made in 1990 and 1994; the reduction in benefit entitlement in 1994; and the increased entrance requirements for new entrants and re-entrants to the labour market in July 1996. HRDC is now preparing a separate analytical paper on the



declining ratio which will be released in 1998.

#### **IV. CONCLUSION**

The EI reform must be situated in the historical context of previous reforms, as well as current and future labour market trends. The labour market context has placed a premium on: rapid labour market re-integration of unemployed Canadians; improving and maintaining the skills of workers and providing opportunities for re-skilling and upgrading; and recognizing the importance of non-standard work. As the monitoring and assessment process continues, it will be important to track the performance of the program relative to these changes; that is, whether the EI program is responsive to changing labour market realities.

## ***Chapter 2 - The Elements of Reform***

This chapter outlines the key elements of the EI system and briefly describes the impacts of the reform which were estimated prior to the implementation of the new system.

### **I. ELEMENTS OF THE REFORM**

The 1995 Budget, as part of the government's fiscal restraint measures, announced a reduction of EI program costs of at least 10%. In addition, Employment Insurance reform created an integrated system of income and employment benefits. Income benefits or Part I benefits provide temporary income support for claimants while they search for employment. The redesign of Part I Income Benefits included several major changes to the eligibility system and benefits regime. These changes were designed to strengthen insurance principles while at the same time protecting those in need. For those requiring "active" assistance to reintegrate into the labour market, EI Part II Employment Benefits provide direct assistance to help unemployed Canadians find, create, and keep jobs through five results-focused measures which could be designed and delivered by provincial and territorial governments. The reform also put in place a new financing framework. As well, penalties were increased for employers and workers to reduce fraud.

#### **1. Eligibility System**

##### *Hours*

Under the new system, eligibility for benefits is based on hours of work rather than weeks of work. The hours-based system recognizes the variety of work patterns of Canadian workers and the changing nature of work. Multiple job holders and part-time workers now have all their hours of work insured. As well, those who tend to work long hours for part of the year have all their hours of work recognized for the determination of eligibility and entitlement period for benefits.

As of January 1997, an individual needs 420 to 700 hours of work in the past 52 weeks, instead of 12 to 20 weeks of work to qualify for benefits depending on the regional unemployment rate<sup>1</sup>. As a transitional measure, for claims commencing on or after January 5, 1997, it is assumed that the weeks worked prior to that date are 35-hour weeks (the average work week of Canadians which was used to convert from a weeks-based to an hours-based system). While the counting of all hours did not occur until this date, this transitional measure ensured that an individual filing a claim in 1997

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<sup>1</sup> See Table 1 in Annex B for unemployment rate by EI region

received full credit for an insurable week worked in 1996; that is, any "insurable" week worked in 1996 was assumed to be 35 hours for anyone filing a claim on or after January 5, 1997.

### *New Entrant and Re-entrant Requirements*

A new entrant to the labour market is an individual who has not worked before; a re-entrant is someone who has no or only minimal work experience in the last two years. The qualifying period for new labour force entrants or re-entrants has been increased, ensuring that workers establish a substantial attachment to the labour force before being eligible for benefits. It also reduces the chances of young Canadians establishing a reliance on income benefits early in their working life.

Under the previous system, new entrants and re-entrants across the country had to work 20 weeks to be eligible for benefits. With this reform, these individuals have to work 26 weeks as of June 30, 1996, to qualify for benefits. With the implementation of the hours-based system in January 1997, in their first year entering or re-entering the labour market, individuals are required to work 910 hours to be eligible for income benefits. However, if in the first year they work at least 490 hours, in the second year they are not considered to be re-entrants or new entrants and qualify for benefits by meeting the variable entrance requirement of 420 to 700 hours, depending on the unemployment rate in their region.

## **2. Benefits Regime**

### *Total Earnings*

Determining benefits based on total earnings over a fixed period helps to ensure that benefits are more directly linked to the normal flow of earnings from work. Under the old regime, benefits were based on 55 percent of average insured earnings over the most recent 12 to 20 weeks worked in the past 52 weeks. The previous system did not reflect the earnings stream from work and did not encourage workers to accept work beyond the minimum required to qualify for benefits.

As a transitional measure between June 30, 1996 and January 4, 1997, benefits were based on average insured earnings up to the most recent 20 weeks of work in the past 52 weeks; over this period, a minimum divisor was put in place equal to two weeks more than the minimum entrance requirement in regions with an unemployment rate over 7% and one week more for regions with unemployment rates between 6% and 7% (i.e., 14 to 20). However, during this transitional period, individuals in the lowest unemployment regions did not have an incentive to work more weeks than the minimum required to qualify, as the minimum divisor in these regions was 20, the same as the entrance requirement. This transitional measure was necessary as new hourly

reporting requirements for employers were not put in place until January 1997.

As of January 5, 1997, benefit levels are based on total earnings during all weeks of work within the 26-week period immediately preceding the establishment of a claim. These earnings are then averaged by dividing by the minimum divisor (i.e. 14 to 22, as determined by the unemployment rate in the region) or the actual weeks of work, whichever is higher. This change provides an incentive for individuals to increase their work effort by at least two weeks beyond the old minimum entrance requirement for their region, while at the same time, limiting the impact of the new benefit calculation on individuals with gaps (weeks of no earnings) in the 26-week period. In fact, individuals in the highest unemployment regions can have up to 12 weeks of no earnings in the 26-week period and not face a lower benefit level due to the minimum divisor.

#### *Small Weeks Adjustment Projects*

Adjustment projects were launched in 29 high unemployment regions demonstrating the government's commitment to respond to the concerns of individuals and communities in adjusting to the new EI program. A number of individuals and employers found that a feature of the legislation (the treatment of "small" weeks for the purpose of calculating benefits) was discouraging people from accepting part-time work; that is, in some instances it was better to have a week of no earnings which would not affect average earnings versus a "small" week of work which would lower average earnings. These projects enable individuals, for benefit calculation purposes only, to exclude or bundle "small" weeks (weeks of earnings of less than \$150) of work beyond those required to meet the minimum divisor, increasing claimants' incentives to accept "small" weeks of work. The adjustment projects took effect in May and August of 1997 and are set to expire in November 1998. The projects will be monitored and assessed, permitting the government to determine the degree to which a disincentive to accept "small weeks" of work exists and what action may be required over the longer-term. The cost of these projects is estimated to be \$107 million in 1997-98, \$127 million in 1998-99 and \$13 million in 1999-2000.

#### *Reduced Benefit Rate Based on Benefit History (The Intensity Rule)*

This measure creates a better balance between premiums paid and benefits received, discouraging the regular use of EI as an income supplement while not excessively penalizing those who make frequent claims. With the introduction of EI, all claimants start with a clean slate in terms of their past benefit history. Claimants with 20 or fewer weeks of previous benefits over the last five years commencing on June 30, 1996 receive the basic rate of 55%. Claimants with more than 20 weeks of benefits in the past five years will see their benefit rate reduced by 1 percentage point for every additional 20 weeks, to a maximum reduction of 5 percentage points, that is a minimum benefit rate of 50%.



### *Increased Clawback for High Income Earners*

EI reform amended the clawback provisions in two ways. It lowered the overall threshold at which benefits would be clawed back and it created a separate clawback regime for those with a history of past use of the system. This latter element, like the intensity rule, put an experience rating element into the system.

As of June 30, 1996, the net income threshold for clawing back benefits declined from \$63,570 to \$48,750 for occasional claimants and the maximum amount of benefits which can be taxed back remained at 30%. For claimants with more than 20 weeks of benefits in the past five years (with the five year history commencing on June 30, 1996), the net income threshold drops to \$39,000 and a maximum of up to 50% to 100% of benefits can be taxed back. The "tax back" rate in all instances is 30% - i.e., for every dollar of income over the net income threshold, 30 cents will be clawed back, up to the specified maximum. The clawback provisions for repeat claimants do not apply to special benefits (i.e., maternity, parental, and sickness benefits); that is, such benefits are only clawed back for those with net incomes above \$48,750 with a maximum of 30% being taxed back.

Clawback Schedule for High Income Earners			
Weeks of EI Benefits collected in past 5 years	Income Threshold (includes EI benefits)	Taxback Rate	Maximum Portion of EI Benefits taxed back
0-20 weeks	48,750	30%	30%
21-40 weeks	39,000	30%	50%
41-60 weeks	39,000	30%	60%
61-80 weeks	39,000	30%	70%
81-100 weeks	39,000	30%	80%
101-120 weeks	39,000	30%	90%
120+ weeks	39,000	30%	100%

### *Family Income Supplement*

This measure assists claimants in low-income families with children and replaces the 60% low-income dependency rate which was found to be poorly targeted. Starting in January 1997, claimants with children whose family income is less than \$25,921 and who receive the Child Tax Benefit receive a "top-up" of their insurance benefits up to a 65% benefit rate. The rate will increase by 5 percentage point increments each year, bringing it to 80% in 2000. These individuals are exempt from the intensity rule.

### *Floor on Allowable Earnings While on Claim*

Establishing a \$50 floor on allowable earnings while a claimant works helps low income individuals; people with benefit levels below \$200 a week will be able to earn more while on claim. With this change, claimants are able to earn \$50 or 25% of their benefits, whichever is higher, without affecting their weekly EI cheque. This encourages individuals, particularly low-income claimants, to maintain labour force attachment and increase their earnings from work.

### *Reduced Maximum Benefit Duration*

Historical information has shown that the majority of EI claimants find jobs within 26 weeks and more than two-thirds find work within the first 40 weeks of receiving benefits. As of June 30, 1996, the maximum length of claim was reduced from 50 weeks to 45 weeks. This change only affects longer attachment workers in higher unemployment regions.

## **3. Financing Framework**

### *Maximum Insurable Earnings (MIE)*

On January 1, 1996, the MIE for the purpose of paying premiums was reduced from \$815 per week to \$750 per week, while it increased to \$848 for benefit purposes. When the EI Act was implemented on June 30, 1996, the maximum weekly cheque was reduced to \$413 (i.e., 55% of \$750) from \$466 (i.e., 55% of \$848). Effective January 1997 the MIE was set at the annualized level of \$39,000 and frozen at this level until the year 2000. This reduction narrows the gap between average wages (currently \$30,000) and wages insurable under the EI program.

### *First Dollar Coverage*

As of January 1997, there are no longer weekly minimums and maximums for determining insurable earnings. All earnings, from the first dollar, are insurable, up to the annual MIE. First dollar coverage results in simpler and less costly administrative requirements for employers. It also removes the incentive for employers to limit part-time work to fewer than 15 hours per week to avoid paying premiums. Two measures were also put in place to ensure fairness and to ease the transition to this new financing system. Individuals earning less than \$2,000 per year will have their premiums refunded as they are unlikely to be able to qualify for benefits. As well, small employers facing an increase in premiums due to first dollar coverage will have a portion of this increase refunded in 1997 and 1998 through the New Hires Program (see Annex D for a description of the New Hires Program).

#### **4. Increased Penalties for Fraud**

Sanctions against intentional, illegal deception have been strengthened. Penalties for fraud by employers and claimants have increased. For example, there is a \$12,000 minimum penalty for major offences such as the sale of Records of Employment; in instances of employer and employee collusion, the employer penalties equal the full value of fraud by employees. As well, Corporate Directors can be held liable for employer financial penalties. With respect to claimant fraud, entrance requirements are increased by 25%, 50%, and 75% depending on the seriousness of the offence, and increased by 100% for an individual who commits fraud repeatedly. As well, claimants' penalties will be up to three times the weekly benefit or three times the amount of the overpayment.

#### **5. Employment Benefits and Support Measures**

An integral element of the modernized system is the provision of a series of Employment Benefits and Support Measures under Part II of the EI Act. These Part II benefits and measures also provide the flexible basis for new, more cooperative relationships with provinces and territories, responding to different needs and circumstances across the country. Chapter 3 reports on the progress to date on the establishment of these new partnerships.

Unlike previous employment programs, these employment benefits place a greater emphasis on accountability, employment results, and local level decision making. The five results-oriented Employment Benefits are as follows:

*Targeted Wage Subsidies* provide employers with subsidies for a specific period of time to hire people at risk of long-term unemployment or who face barriers to employment.

*Targeted Earnings Supplements* enable some people currently on EI or the longer term unemployed to accept low-wage jobs. Temporarily topping-up low wage jobs means that people who would not enter at the lower wage rate are able to re-enter the work force.

*Self-employment* provides financial assistance and business planning advice, helping unemployed individuals create their own jobs.

*Job Creation Partnerships* are projects conducted in partnership with the provinces providing work experience and employment opportunities by addressing the needs of their area.

*Skills Loans and Grants* involve a combination of loans and grants to individuals, assisting with expenses while individuals upgrade their skills to re-enter the labour

market, under an agreement with provincial governments.

As well, other support measures include the following:

*Employment Assistance Services* assist community-based organizations to provide employment services such as counselling to unemployed persons.

*Labour Market Partnerships* encourage and support employers, employees, employer associations and communities to improve their capacity for dealing with human resource requirements and implementing labour force adjustment measures.

*Research and Innovation* supports activities which identify better ways of helping people prepare for or keep employment and be productive participants in the labour force.

The selection of the five employment benefits and three support measures was based, for the most part, upon previous evaluations of what works. For example, evaluation findings have shown that the use of wage subsidies and self-employment assistance is effective. While training to help unemployed workers obtain employment works when it is directed at a potential employment opportunity, there is strong indication that it works best when clients also contribute to the costs incurred. As a result, Skills Loans and Grants emphasize client contribution. The Targeted Earnings Supplement was included based upon initial indications from pilot projects funded by HRDC.

## **II. ESTIMATED IMPACTS PRIOR TO IMPLEMENTATION OF REFORM**

### **1. Part I - Income Benefits**

Estimated impacts of the reform of Part I Income Benefits were submitted to the House of Commons Standing Committee on Human Resources Development on April 18, 1996. This submission provided projected impacts on income benefits for the years 1997/98 and 2001/02. Only limited behavioural change was built into the analysis. The impacts on insurance benefits were provided by province, industry, gender, age, and for claimants in low income families with children. The impacts were based on the results of a micro-simulation model which compared benefit levels of individuals with and without the reform measures.

In summary, at the time of the reform, it was estimated that in fiscal year 1997/98 income benefits would be reduced by \$910 million (or 6%), \$380 million of which would be re-invested into active re-employment measures. The reduction to income benefits for fiscal year 2001/02, or at maturity, was estimated to be \$1.560 billion (or 9%), \$800 million of which would be re-invested. These reductions were primarily to be generated as a result of lower benefit levels, (e.g., reduction in the MIE, intensity rule)



not decreases in eligibility.

In general, the cross subsidies to net receiving provinces were estimated to decline; for instance, the net transfer to Newfoundland was estimated to decrease from \$478 million to \$393 million at maturity. In contrast, net contributing provinces were generally expected to experience a net decrease in transfers from their province; in Ontario, the net transfer out of the province was to decrease from \$1.8 billion to \$1.6 billion by 2001/02. Similarly, the net transfers to net receiving industries such as agriculture, logging and forestry, construction and mining were estimated to decline with the reform; net contributing industries such as communication, finance and insurance, and health and social services were estimated to have a reduction in net transfers from their industries.

At maturity, it was estimated that income benefits would be reduced by 7% for women and by 10% for men. This reflects the different labour force characteristics of men and women such as the fact that men have higher weekly benefit levels than women and hold a higher percentage of seasonal jobs such as fishing, logging, and construction. Men also form the majority of those who claim insurance benefits on a regular basis. Given this profile, measures such as the reduction in the maximum weekly benefit, strengthened clawback, and intensity rule were estimated to affect men more than women. In addition, those under 25 were expected to receive a 6% reduction in benefits and workers aged 45 to 54 to experience a 12% reduction in benefits. Again, older workers tend to have higher incomes and therefore were expected to be more affected by measures such as the reduction in the MIE and the clawback. Finally, it was estimated that benefits to claimants with children with family incomes less than about \$26,000 would increase by 12% by the year 2001/02, due primarily to the new Family Income Supplement.

## **2. Other Estimated Savings**

At report stage, Bill C-12, which created the Employment Insurance system, was amended substantially. The benefit calculation was adjusted to reduce the impact of the reform on individuals with "weeks of no earnings", to reduce the impact of the new divisor rule on high unemployment regions and to exempt those in receipt of the Family Income Supplement from the intensity rule. These adjustments reduced the impacts on income benefits, by 2001/02, from an estimated \$1.925 billion to \$1.560 billion. Information on the estimated cost of these amendments was tabled with the House of Commons Standing Committee on Human Resources Development on April 18, 1996.

However, the \$365 million cost of these amendments was offset by: a) increased sanctions for fraud, which were estimated to reduce costs by \$245 million by 2001/02; and b) enhanced claimant assistance services which would assist claimants to return to work sooner and result in reduced costs of \$120 million by 2001/02. Information on

these two measures was tabled with the House of Commons Standing Committee on Human Resources Development on April 23, 1996.

### **III. IMPLEMENTATION OF THE REFORM**

Implementation of the EI reform elements was conducted during a time of transition within HRDC. The department overall was undergoing a major structural downsizing exercise, new partnerships were being developed with the provinces and territories, and the EI Act initiated a major philosophical shift towards focussing on results and local flexibility.

Analysis of the implementation is presented in Annex C. It discusses local level flexibility, delivery through community-based organizations, client case management, service quality, communications, client selection, and results monitoring. While certain issues related to implementation were identified, overall it was found that quality services continued to be delivered through the implementation period.

### **IV. CONCLUSION**

The Employment Insurance Act redesigned income and employment benefits to provide temporary income support for unemployed Canadians and help individuals get back to work through active measures. The reform sought to balance a number of objectives: better reflecting the variety of work patterns in the economy, particularly part-time work; reducing ongoing reliance on income benefits and interregional and sectoral cross-subsidization; strengthening tools to help individuals find, keep, and create jobs.

## ***Chapter 3 - New Partnerships with the Provinces and Territories***

This chapter reports on the progress to date on the establishment of new partnerships with the provinces and territories for the design and delivery of the new Part II Employment Benefits and Support Measures (EBSM).

### **I. INTRODUCTION**

For many years both orders of government and the private sector have been actively involved in labour market development in order to increase the employability of Canadians and to promote economic growth and social cohesion. More and more, active employment policies and programs are recognized as essential tools in the fundamental re-shaping of the Canadian economy. Since the beginning of this decade, the Government of Canada has recognized the concrete benefits of committing a part of Employment Insurance funds to active labour market usages in order to help EI claimants improve their employment opportunities.

More recently, the growing convergence of federal and provincial policy objectives and actions in the labour market have drawn attention to the need for new ways to manage involvement of governments in this sector and to ensure program coherence and quality of service to Canadians. Addressing structural unemployment, creating a skilled and adaptable workforce, responding to diverse labour market conditions and making efficient use of limited financial resources are challenges requiring a partnership approach between the Government of Canada, provincial and territorial governments and the private sector.

At the same time, decision-makers recognize the importance of providing employment programs and services that work and that produce clear and tangible results. This strong results-orientation further supports the search for better, more innovative ways to deal with modern labour market challenges, and drives new flexibility in design and delivery.

### **II. PART II LEGISLATIVE FRAMEWORK**

Part II of the EI Act has introduced reform to active labour market assistance in Canada that is no less significant than the major reforms introduced in Part I related to income benefits. Part II charts a path towards more effective and efficient active labour market assistance to Canadians while offering a basis for increased clarity in governance. It sets out the legislative framework for new partnership approaches with provinces and territories; new, more workable labour market programs; and key principles for success. It also significantly broadens client eligibility for participation in EI-funded employment interventions to extend beyond current EI claimants, providing for investments in “reach-back clientele”, who have been in receipt of EI benefits in recent years. This

provision opens up the opportunity to assist groups such as the long term unemployed along with current EI claimants.

Part II permits provinces and territories to design and deliver their own employment programs supported by EI funds through agreements with the Government of Canada as long as provincial or territorial programs are broadly similar to the interventions illustrated in the Act (as described in Chapter 2) and consistent with the seven legislative guidelines and federal requirements set out below. The reform also provides for incremental funding for active measures; by fiscal year 2000/01, \$800 million of the savings from the reduction in income benefits are to be reinvested in active employment assistance, increasing the total investment available to \$2.7 billion annually, including \$500 million in Part I income benefits. As a whole, these features offer the capacity to respond in a highly customized manner to local labour market priorities.

A significant direction reiterated in Part II was the Prime Minister's November 1995 commitment that the Government of Canada would withdraw from the purchase of labour market training programs, which is recognized as an extension of the education system, a provincial responsibility. The purchase of training programs is being phased out over a 3-year period ending June 30, 1999. This change marks a significant shift from the old concept of purchase of training arrangements through government-to-government transactions to the new concept of enabling individuals to be more responsible for arranging their own skills development. Under the EI Act, federal support for such skills development requires provincial or territorial agreement.

Part II of the EI Act requires that all Employment Benefits and Support Measures funded by EI respect the following guidelines:

- *be results-based* (i.e. help individuals obtain or keep employment and *reduce individuals' reliance* on government assistance);
- ensure a framework to *evaluate results*;
- *promote cooperation and partnership* with other labour market partners, such as other governments, employers and community-based organizations;
- feature *local decision-making*;
- *eliminate unnecessary overlap and duplication* in federal, provincial and territorial labour market activities;
- encourage individuals to take *personal responsibility* for getting back to work by taking primary responsibility for identifying their employment needs and services to meet these needs and, if appropriate, sharing the costs of the assistance; and,
- ensure service to the public in either *official language*, where there is sufficient demand.

### III. NEW LABOUR MARKET PARTNERSHIPS

Part II of the EI Act provided the basis for the Minister of Human Resources Development to propose a new partnership in labour market development to provinces



and territories. On May 30, 1996, a Government of Canada proposal offered interested provinces and territories the opportunity to assume responsibility for active employment benefits and measures financed by the Employment Insurance program. The proposal was in line with the desire to sort out which level of government is best positioned to assume responsibility in this area and to provide funds to parties who may be better placed to design and deliver such services to Canadians. Consequently, the proposal responded to the recognized need to clarify federal and provincial responsibilities in the labour market sector and at the same time find long-lasting and measurable ways to increase program efficiency and effectiveness.

Provincial and territorial governments were invited to use the proposal to formalize arrangements to:

- design and deliver active employment measures funded through the EI program;
- provide individuals with certain National Employment Services such as needs assessment, employment counselling and preparation of return-to-work action plans; and
- match local labour market demand and supply through local labour market placement.

Any provincial or territorial government preferring not to assume the full responsibility for the design and delivery of the Part II active employment benefits and measures could, alternatively, choose to formalize co-management arrangements. In this case, decisions on the planning and design of EI-funded employment interventions would be made jointly, while delivery would continue through the HRDC service delivery network. Agreements negotiated to date reflect both these models.

Under these new partnerships, the Government of Canada will:

- exercise responsibility for the EI Account and for delivery of Part I income benefits to Canadians;
- maintain and improve the national system of labour market information and labour market exchange to support interprovincial mobility of labour;
- foster interprovincial sectoral development and respond to national economic crises; and
- deliver pan-Canadian activities.

## Labour Market Development Agreements

Agreements are now in place in most provinces and territories, and discussions are underway in all others.

- **Alberta and Canada** signed a labour market development agreement on December 6, 1996 which transfers full responsibility for the design and delivery of EI-funded employment programs to the province. Implementation of the agreement commenced November 1, 1997.
- **New Brunswick and Canada** signed a labour market development agreement on December 13, 1996 which transfers full responsibility for the design and delivery of EI-funded employment programs to the province. Implementation of the agreement is nearly completed, with some HRDC employees still to be formally transferred to the Government of New Brunswick.
- **Newfoundland and Canada** signed a co-management agreement on labour market development on March 24, 1997. Implementation of the agreement is now complete. Employment programs will be jointly planned and designed by both governments and delivered by HRDC through its service delivery network in the province.
- **Manitoba and Canada** signed a labour market development agreement on April 17, 1997 to transfer full responsibility for the design and delivery of EI-funded employment programs to the province. Implementation commenced December 1, 1997.
- **Québec and Canada** signed an Agreement-in-Principle on April 21, 1997 transferring full responsibility for design and delivery of EI-funded labour market programs to the province. A more detailed implementation agreement was signed Nov. 28, 1997. Implementation is to commence April 1, 1998.
- **Nova Scotia and Canada** signed an Agreement on a Framework for Strategic Partnerships on April 24, 1997. The Canada-Nova Scotia Agreement is a variation on the co-management model and provides for a provincial role in the design of labour market programs, while establishing cooperation in service delivery and community capacity building.
- **British Columbia and Canada** signed a co-management labour market development agreement on April 25, 1997. This agreement is now operational; however, plans are underway for a subsequent agreement that will transfer full responsibility to the province for EI-funded employment programs.

- **Prince Edward Island and Canada** signed a co-management labour market development agreement on April 26, 1997. Implementation of the agreement is now underway.
- It is anticipated that the **Northwest Territories and Canada** will sign a labour market development agreement in early 1998 to transfer full responsibility for the design and delivery of EI-funded employment programs to the Territories. Implementation is targeted for April 1, 1998. A new partnership arrangement will be negotiated with Nunavut, to be implemented after the new territory is created on April 1, 1999.
- It is anticipated that the **Yukon and Canada** will sign a co-management labour market development agreement in early 1998.
- Discussions between **Saskatchewan and Canada** are well underway and an agreement is anticipated in early 1998.
- Discussions between **Ontario and Canada** began in the fall of 1997.

All agreements are based on a balanced respect for both consistency and diversity. They all contain a core set of common criteria ensuring coherence across the country, while featuring a high level of asymmetry reflective of diverse and dynamic labour market environments. For example, all agreements contain an explicit, and mutually agreed-on, results-based accountability framework, customized to the kind of agreement in place, labour market conditions and funding available. All agreements ensure protection of quality of service to clients. Particular recognition has been given to the importance of provision of assistance to clients in the minority official language. The agreements also ensure that no residency requirements will be imposed as a condition of access to EI-funded benefits and measures, in order to support and respect inter-provincial mobility rights of citizens.

All agreements ensure fair and equitable treatment of HRDC staff affected by the transfer of functions to the provinces. In addition, all agreements ensure that Canadians are informed regarding the source of the assistance being made available.

#### IV. FUNDING AVAILABLE UNDER THE LABOUR MARKET AGREEMENTS

By 2000/01, it is anticipated that \$2.7 billion annually in EI funds will be invested in the active employment activities. This investment will be composed of:

- \$1.95 billion available for active employment measures under transfer or co-management agreements. Where a transfer agreement is in place, these funds are provided directly to the province or territory; where a co-management

agreement is in place, these funds are subject to joint federal-provincial decision-making;

- \$250 million annually dedicated to pan-Canadian labour market activities, administered by the Government of Canada; and
- an estimated \$500 million in income support for EI claimants participating in active measures, administered by the Government of Canada.

A summary of program funding available to support the first three years of the labour market agreements is set out in Table 2 in Annex B. The funds made available to provinces and territories in 2000/01 (year 4) and 2001/02 (year 5) will not be less than the funding levels specified for 1999/00 (year 3), thereby providing five year funding stability. In addition to program funds, the agreements also provide for payment of administrative expenses to provinces which have opted for full transfer of responsibilities.

At present, a formula based on standardized, objective labour market variables is used to determine the inter-provincial allocation of the Part II base funding (\$1.15 billion annually). As well, the \$800 million reinvested from reform savings was allocated to ensure that the estimated overall impact of the EI reform by 2001/02 did not exceed between 4% to 5% in any province. An intergovernmental process to review the current formula for the inter-provincial distribution of the Part II base funding is expected to be initiated soon. Governments will work together to determine the feasibility of taking results and savings into consideration in the future year budget allocations, thereby shifting resources to where they can be most effective.

## **V. ACCOUNTABILITY FOR ACHIEVING RESULTS**

The joint accountability framework is the centrepiece of each of the labour market agreements and is consistent under both transfer and co-management arrangements. The joint accountability framework respects and incorporates both federal and provincial/territorial requirements and priorities and is expected to be refined with each province and territory over time. The accountability framework also provides for results to be measured in both the short and longer-term.

The key dimensions of the comprehensive federal-provincial accountability framework include:

- annual negotiation and review of three primary results indicators;
- ensuring financial probity and the integrity of the EI program;
- program evaluation; and
- monitoring, assessing and reporting results to Parliament.



Arrangements are currently being put in place for the sharing of information necessary to support the accountability frameworks. Provinces and territories will have access to electronic information systems administered by HRDC and solutions are being developed and implemented to enable the exchange of information between the systems of both parties.

## 1. The three primary results indicators

Each agreement features three primary results indicators that will be used to measure the impact of the employment benefits and measures. They are:

- **EI claimants served:** the number of current EI claimants accessing employment benefits and measures. In some agreements this indicator is a specific volume, and in others it is a proportion of all clients to be served under the agreement (i.e. normally 65%);
- **EI clients returned to employment:** the number of insured participants (including active and “reach-back” EI claimants) who are working in paid employment and had received support through active programs; and
- **Savings in Part I Income Benefits:** The amount of unpaid benefits, measured in dollars, as represented by the difference between the maximum entitlement to regular income benefits (EI Part I) and the actual payout in Part I income benefits.

Table 3 in Annex B sets out the primary results targets established for 1997/98.

After 1997/98, targets will continue to be set each year in mutually agreeable ways, taking into consideration factors such as: economic and labour market circumstances at the local, regional and provincial level; results achieved in the previous year; the amount of funding available for provincial benefits and measures for the upcoming year; and efficiency improvements in design and delivery. The methodology established for measuring primary results allows for consistent reporting to Parliament at the national level.

## 2. Financial probity and ensuring the integrity of the EI Program

Financial probity is also a key dimension of the broad federal-provincial accountability framework. Each agreement provides for arrangements to conduct annual financial audits based upon audit criteria agreed to by both parties. As well, the parties have agreed to cooperate in putting in place measures to protect the integrity of the EI Program.

### **3. Evaluation**

The EI Act requires that the implementation of EI Part II Employment Benefits and Support Measures take place within a framework for evaluating their success in assisting persons to obtain or keep employment. HRDC has recently completed a formative evaluation of employment benefits and support measures for those clients who started their programs and services during the July 1996 to March 1997 period. The results from this study are presented in Chapter 5 and Annex C including: access to official language of choice; implementation and delivery related issues; the extent of community partnership formed amongst stakeholders; and employment achieved.

The approach to evaluation of the benefits and measures supported through the EI program under the Labour Market Development Agreements is based on partnership -- working together to develop and agree on the evaluation issues to be addressed, the information to be collected, the methodology to be used and the presentation of the findings. Each agreement includes clear provisions related to evaluation and a consultative process is now underway to develop joint evaluation frameworks. The evaluation frameworks provide for a formative evaluation to be carried out in the first year of implementation which will examine whether benefits and services are implemented effectively and attempt to validate primary result measurements of EI clients returned to work and savings in Part I Income Benefits. A concluding or summative evaluation will be conducted in the third year of implementation to examine the incremental impacts of benefits and services on individuals, communities, and the overall economy.

Service to clients in the official language of choice has also been highlighted as a significant priority in the agreements. Commitments to this objective are clear in each of the signed labour market agreements. Governments will take care to ensure that minority language Canadians continue to receive labour market assistance in the official language of their choice under new arrangements. Evaluations will include an assessment of this important issue.

### **VI. CONCLUSION**

Labour market assistance, particularly skills development, is critical for economic development and growth, and the new partnerships with the provinces and territories serve as important instruments to achieve this objective. These new arrangements are centred on the achievement of results, respect the roles and responsibilities of each level of government, and offer significant diversity in program design and delivery. While it is premature to report on achievements at this time, plans are in train to ensure results can be reviewed in the next monitoring and assessment report.

## **Chapter 4 - What is Known so Far - Income Benefits**

This chapter provides a preliminary assessment of what is known to date with respect to the number of individuals collecting Part I income benefits and the overall level of such benefits, drawing upon several data sets described in Annex A. Given the length of time for all claim information to be finalized and data to become available, an estimate of the impact of the reform separate from economic and labour market effects is not possible. Rather, this section focuses on the actual benefits received compared to what was generally expected at the time of the reform. Annex B provides the background tables cited in this section.

### **I. INTRODUCTION**

The reform began to be implemented in the middle of 1996; therefore, the data provided is for the period July 1996 to June 1997 (the period after the reform) compared to July 1995 to June 1996 (the period before the reform). Of course changes between the two periods are the result of a number of factors including labour market trends, employment pattern changes, and EI reform.

Over the two periods, the unemployment rate remained virtually the same. However, this belies the actual improvement of the economy as more people entered the labour force and job losses declined significantly. While an economy is in recovery, the labour force often grows as more individuals begin looking for work given improved job prospects. As a result, the unemployment rate may not decline despite the creation of jobs in the economy. Between July 1995 to June 1996 and July 1996 to June 1997, labour force growth of 1.5% outstripped employment growth of 1.3%. Another indicator of the improving economy over this period is the number of workers who lost their job or were laid off. Between the two periods, the number of unemployed who had lost their job or were laid off decreased by 6% or by 40,300 people.

Some elements of the reform were implemented in July 1996 while other elements of the reform began in January 1997. Therefore, the analysis examines data based on half years (i.e., January to June and July to December) to capture possible effects due to the phasing-in of reform elements.

### **II. TOTAL INCOME BENEFITS**

#### **1. Claim Take-up Rates**

Two elements of the reform directly affected entrance requirements. In July 1996, entrance requirements increased to 26 weeks from 20 weeks for new entrants and re-entrants to the labour market (changing to 910 hours in January 1997). In January

1997, the entire program shifted from a weeks-based (12 to 20 weeks depending on the regional unemployment rate) to an hours-based (420 to 700 hours) entry system. When fully implemented, the net impact of the hours-based system was expected to be an increase in the number of workers who would qualify for benefits, roughly offset by an equal number of new entrants and re-entrants now unable to access benefits. However, over the first year of implementation, the move to the hours-based system was not expected to have a significant impact on the number of claims (given that it was not implemented until January 1997), whereas the higher entrance requirement for new entrants and re-entrants was expected to reduce eligibility over this period.

The number of claims fluctuates in response to cyclical and structural labour market factors as well as program changes. For example, in the recessionary years 1991 and 1992, UI initial claims exceeded 2 million per year. The economic recovery witnessed a decline in unemployment, and in particular a decline in job losses which resulted in a decline in UI claims.

As shown in Tables 4 and 5 in Annex B, claims have declined over the period under consideration. Between the second halves of 1995 and 1996, new claims declined by about 149,000; similarly, between the first halves of 1996 and 1997, new claimants declined by about 169,000. However, there is some evidence that only part of this decline can be attributed to the higher entrance requirements for new entrants and re-entrants. As shown in Table 6, the number of new claims with 20 to 25 insured weeks declined by 73,000 in the second half of 1996 and by 56,000 in the first half of 1997 compared to the same periods in the previous year. In addition, there is some evidence that some claimants are working the extra weeks needed to meet the new 26-week (910 hour) entrance requirement for new entrants and re-entrants. In the second half of 1996 the number of claimants entering with 26 to 30 weeks increased by 10,000, and in the first half of 1997 by 3,000 compared to the same period in the previous year. This suggests that less than half of the decline in the number of new claims can be attributed to the change in entrance requirements of new entrants and re-entrants. Other factors may explain the additional decline in new claims such as the 6% drop in job losses.

## **2. Entitlement and Duration**

The EI reform introduced elements that could affect claim duration, specifically: the hours-based system was estimated to result in a net increase in entitlement weeks, allowing more people to be entitled to collect benefits for a longer period of time on a mature year basis; and the reduction in the maximum entitlement from 50 weeks to 45 weeks was expected to reduce entitlement for longer attachment workers in higher unemployment regions. While this latter change took effect in July 1996, the move to an hours-based system only began to affect entitlement in January 1997 and therefore will only fully affect benefit entitlement at the end of 1997. The move to an hours system based on the average work week of 35 hours would require some part-time



workers to work longer to qualify, while permitting others to qualify for the first time. The other group affected by the new hours system is individuals who work more than 35 hours per week; some of these individuals may qualify for benefits for the first time, while others would receive more weeks of entitlement.

All other things being equal, one would have expected a small decline in entitlement weeks in the second half of 1996 due to the decrease in the maximum duration, and perhaps a small increase in the first half of 1997 due to the hours-based system. While there is no change in average entitlement between the second halves of 1995 and 1996 (33 weeks), there was a small increase between the first halves of 1996 and 1997 from 34 weeks to 35 weeks<sup>1</sup>. While a portion of this increase may be due to the new hours system, other factors may also be increasing entitlement such as the increase in average job duration before a job loss. Regionally, the longest average entitlement weeks for claims are found in the Atlantic provinces and Quebec, while the lowest are in the Prairie provinces. Women have slightly higher average entitlement weeks than men.

### **3. Benefits**

The EI reform introduced several elements that were expected to reduce benefit levels, including the reduction in the maximum weekly benefit and the new benefits regime which determines benefits based on total earnings within a fixed period and establishes a minimum divisor that is two weeks above the minimum required to qualify under the old program. The full impact of other elements of the reform such as the intensity rule and the strengthened clawback will only become apparent as these measures mature in the coming years. The Family Income Supplement was expected to increase benefits for claimants in low-income families with children by about 12% by the year 2001/02.

The average weekly benefits established at the start of a claim remained fairly constant through the 1990s in nominal terms<sup>2</sup>. The average weekly benefits were higher for men than for women reflecting their higher insurable earnings. On a regional basis, the average weekly benefit entitlements are fairly similar, with the highest average in British Columbia and the lowest in the Atlantic provinces. Average weekly benefits did not fall significantly following the implementation of EI: between the second halves of 1995 and 1996, the average weekly benefits decreased from \$282 to \$275; between the first halves of 1996 and 1997, average weekly benefit entitlement remained at \$270. The

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<sup>1</sup> See Tables 7 and 8 in Annex B.

<sup>2</sup> See Tables 9 and 10A in Annex B; table 10B provides information on average weekly benefits actually paid.

decline in average weekly benefits is lower than what was generally expected at the time of the reform.

The maximum weekly benefit was reduced to \$413 from \$466 as of July 1996. It could be expected that this element would reduce average benefits, given that over 15% of claimants received lower benefits as a result of this measure. However, it appears that the impact of this measure is being counterbalanced by a shift from very low benefits towards the middle range. As noted earlier, the minimum divisor provides an incentive for individuals to work longer than the minimum required to qualify or face a reduction in benefits. Preliminary information suggests that some individuals may be finding the extra work to meet the minimum divisor and avoid a reduction in their weekly benefits. Approximately 4% of claimants were affected by the increase in the minimum divisor. HRDC administrative data indicate that initially there was an increase in the share of EI claims with insured weeks two weeks greater than the minimum required to qualify for benefits<sup>3</sup>. For Canada, comparing the second halves of 1995 and 1996, the proportion of EI claimants who worked two weeks longer than the minimum entrance requirement rose from 3.3 percent to 4.9 percent, that is, an increase of almost 50%. However, comparing the first halves of 1996 and 1997, there was a slight decline in the share of claims with insured weeks two weeks above the old minimum. At the same time, the share of claims that just meet the entrance requirements has dropped<sup>4</sup>. Nationally, comparing the second halves of 1995 and 1996, the percentage of claims with insured weeks exactly at the minimum fell from 4.9% to 2.8%. Similarly, for the first halves of 1996 and 1997 the percentage fell from 2.1% to 0.9%.

The largest change is in the Atlantic provinces. The proportion of workers claiming EI benefits in the Atlantic provinces who worked two weeks more than the minimum qualifying period more than doubled from 6.7 percent in the second half of 1995 to 14.8 percent in the second half of 1996. Over the same period, those in the Atlantic provinces who worked exactly the minimum to qualify for benefits fell from 17.4 percent of claims to 7.1 per cent of claims, a decline of almost 60%.

While the above suggests that behavioural changes may be occurring, it is too early to draw this conclusion. The improving economy could also be enabling individuals to find more work, thereby precluding a fall in average EI benefits when they become unemployed; as well, over the period wage levels increased by 2.9%, which would result in higher EI benefits for some claimants.

EI reform replaced the 60% low-income dependency rate with a Family Income

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<sup>3</sup> See Table 11 in Annex B.

<sup>4</sup> See Table 12 in Annex B.

Supplement (FIS) that is better targeted at low-income families with children. Early administrative data indicate that the FIS provided a substantially higher top-up to eligible individuals. In the first half of 1996, those receiving the 60% dependency rate increased their weekly benefit established at the start of a claim by \$14; under the FIS, benefit levels established at the start of a claim were increased by \$27 per week in the first half of 1997. Average benefits for those receiving the 60% benefit rate in the first half of 1996 were \$185, while for those receiving the FIS weekly in the first half of 1997, average benefits were \$230.

The intensity rule will only take effect gradually as claimants develop a history of past use of the program; however, between January and June of 1997 about 4% of claimants were affected by the intensity rule.

### **III. SPECIAL BENEFITS**

Several elements of EI reform, such as the intensity rule and the higher entrance requirements for new-entrants and re-entrants, do not apply to special benefits (i.e., maternity, parental and sickness benefits). In addition, the effect of the minimum divisor is not expected to have much impact on special benefits given the 20-week (or now 700 hour) entrance requirement for such benefits. Moreover, the duration of benefit entitlement is not dependent on the number of weeks or hours worked as is the case with regular benefits. Once eligibility for benefits is established, an individual may receive up to 15 weeks of maternity benefits, 10 weeks of parental benefits, and 15 weeks of sickness benefits. The maximum number of weeks of special benefits any claimant can receive is 30 weeks in one claim.

The elements of the reform which do affect special benefits are the move to an hours-based system; the reduction in the maximum insurable earnings; the Family Income Supplement; and the decline in the net income threshold for the clawback from \$63,570 to \$48,750. As of January 1997, an individual must work at least 700 hours within the previous 52 weeks to qualify for any type of special benefit instead of the 20 "insured" weeks of work previously required. However, given that those applying for such benefits tend to have a relatively long work attachment, it was estimated that very few special benefits' claimants would need to work longer to qualify for benefits. In addition, it was estimated that the hours-based system would enable more people who work part-time, and particularly multiple job holders, to qualify for special benefits for the first time.

#### **1. Number of Claims**

There has been a decline of about 5.3% in the number of special benefit claims for the period of July 1996 to June 1997 relative to July 1995 to June 1996.



For claimants who received at least \$1 of either maternity or parental benefits, the number of new claims established rose marginally (0.8%) from the second half of 1995 compared to the second half of 1996. However, new claims declined by 2.3% from the first 6 months of 1996 relative to the first 6 months of 1997. A key reason for shifts in the number of parental and maternity claims is the birth rate of women in the paid labour force. However, at this point, no information is available on birth rates over the period under review.

When sickness claimants are considered, the number of new claims established fell by 2.3% in the second half of 1996 relative to the second half of 1995. New sickness claims also fell by 13.4% from the first 6 months of 1996 to the first half of 1997. For women the number of new claims established with at least \$1 of sickness benefits paid rose by 1.2% from the second half of 1995 relative to the second half of 1996, while it fell sharply (-7.1%) for men for the same period. When the first half of 1996 is compared to the first half of 1997, new sickness claims decreased by 10.9% for women and 17.2% for men.

## **2. Benefit Levels**

For claimants who received either maternity or parental benefits, the average weekly benefit fell by 7.9% (i.e. from \$290 to \$267) in the second half of 1996 compared to the second half of 1995. This decline was smaller (only 1.7% -- from \$286 to \$281) for the first six months of 1997 relative to the first six months of 1996. Again, a similar but less pronounced pattern is observed for sickness benefits. The average weekly benefit rate for sickness benefit claims dropped by 2.7 % from the second half of 1995 relative to the second half of 1996. The change was -1.2% from the first half of 1996 versus the first half of 1997 (from \$253 to \$250). The decline in the second half of 1996 compared to the second half of 1995 could be related to the drop in the maximum EI cheque to \$413 on June 30, 1996.

A notable element of reform that will affect special benefit levels is the Family Income Supplement (FIS). In the first six months of 1997, 12% of new maternity and parental, benefits claimants received the FIS. The average weekly top-up for these claimants increased from \$14 per week under the previous 60% dependency rate to \$25 per week under the FIS.

## **IV. FISHING BENEFITS**

Most of the changes implemented under the new Employment Insurance (EI) system apply to self-employed fishers in the same way as they do to regular claimants. However, because the work of self-employed fishers is unique a few specific rules had to be adapted to the fish harvesting industry (See Annex E). Nonetheless, the changes to the Fishing Regulations were designed to ensure that the impact of EI reform in the



fishing industry was comparable to that of other industries with seasonal work patterns.

As shown in Table 13 in Annex B, fishing benefits declined by 14.5% in the period July 1996 to June 1997 compared to the same period in the previous year. This decline is in line with the decline in construction (15.8%) but substantially higher than the decline observed in logging and forestry (7.8%). It is difficult, however, at this early stage to tell which part of the cross industry variation is due to reform and which is related to economic factors.

Unlike average benefits for other clients, average weekly benefits have declined significantly for self-employed fishers, 11% in the second half of 1996 and 9% in the first half of 1997 compared with the same period in the previous year. This decline may be explained, in part, by the new \$413 maximum weekly benefit which was implemented on June 30, 1996. Historically, fishers tend to have much higher weekly incomes than most EI recipients. This in turn is reflected in higher average weekly benefits -- for the first half of 1996 the average weekly benefit for fishers were \$370, while for all claims combined it was \$270 per week. Therefore, the new \$413 maximum weekly benefit could have a disproportionate impact on the average weekly benefits of self-employed fishers.

With respect to the number of new fishing claims, the 2,770 decline in the second half of 1996 relative to the second half of 1995 is offset by an increase of 1,210 new claims in the first half of 1997 compared to the same period in the previous year.

## **V. OVERALL IMPACTS**

At this stage it is not possible to separate the various factors affecting the year-over-year changes observed and attribute changes in the level of income benefits to the EI reform. Therefore, the changes in actual benefits received and the number of claimants are compared to what was generally expected at the time of the reform.

Between the period July 1995 to June 1996 and the period July 1996 to June 1997, total EI income benefits declined by 11.5% from about \$13 billion to \$11.5 billion<sup>5</sup>. Total EI income benefits include Part I income support for Part II participants in training, job creation, and self-employment; however, as described in Chapter 5, there have been a number of changes to the income benefits provided to Part II participants including the elimination of the extension of Part I income benefits for such claimants. As a result, the change in regular benefits, excluding the amounts paid to Part II participants are examined. This portion of regular benefits have declined by 8.4%, from \$9.8 billion to \$9.0 billion, or \$825 million. These benefits declined by 8.6% for men and 8.0% for

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<sup>5</sup> See Table 14 in Annex B

women; younger workers witnessed a greater decline than older workers<sup>6</sup>. At the time of the reform, it was expected that the impact of the reform would be in the order of a 6% reduction of benefits in 1997-98. The actual decline in benefits is higher than expected, but, at this stage, it is very difficult to ascertain how much of the decline is due to reform and how much is due to other factors. It should be noted that part of the decline in total benefits is a result of the economic recovery; as more jobs are being created and fewer people lose jobs, fewer Canadians may require benefits. For instance, in Alberta, there has been strong employment growth and a significant decline in the unemployment rate resulting in significant reductions in income benefits.

While the reform was not expected to reduce the number of claimants, as stated earlier, the actual number has declined substantially since the reform; however, it is unlikely that this is due primarily to reform. The improving economy (in particular the 6% decline in the number of job losses) and the continued increase in self-employment could be key contributing factors.

## **1. Provinces**

Changes in regular income benefits in the 12-month periods before and after the implementation of EI reflect both program changes and divergent labour markets in Eastern and Western Canada. In Ontario, Quebec, and the Atlantic provinces generally labour force growth increased faster than employment growth, resulting in somewhat higher unemployment rates in these provinces. Consequently, the change in benefits in these provinces tends to be less than the decline in the Western provinces. In the Prairie provinces, especially in Alberta, strong employment growth and falling unemployment resulted in significant reductions in regular income benefits. In the province of Alberta where the unemployment rate decreased from 7.4% in June 1996 to 5.7% in June 1997, regular benefits declined by over 22%, almost the same proportion as the decline in unemployment<sup>7</sup>.

Nova Scotia and New Brunswick experienced similar reductions in regular EI benefits (-5.5% and -5.7%), but changes to income support while individuals participate in training, job creation and self-employment assistance affected New Brunswick more. Regular benefits increased in Prince Edward Island, and to a lesser extent in Newfoundland.

Quebec and Manitoba had similar reductions in regular income benefits (-9.5% and -9.8%) but, as in New Brunswick, the impact of changes to other types of income

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<sup>6</sup> See Table 14B in Annex B

<sup>7</sup> See Table 14B in Annex B

support was greater in Manitoba.

## **2. Sectors**

EI reform was expected to reduce somewhat the transfers to industries that receive more in benefits than they pay in premiums (i.e., agriculture, logging and forestry, mining, construction) and reduce the net contribution from industries that pay more in premiums than they receive in benefits (e.g. communications, finance and insurance, real estate, government services).

Some net receiving industries such as mining, construction, and fishing are indeed experiencing a decline in benefits greater than the average decline of 11.5 percent<sup>8</sup>. However, other net receiving sectors such as agriculture and logging and forestry experienced percentage reductions in benefits that were less than the average. Net contributing industries, such as communications, finance and insurance, and education, are in general experiencing a relatively smaller reduction in benefits. Nevertheless, there was a sharp decline (17.5%) in government services, a net contributing industry. These variations can, in part, be due to the economic recovery having varying impacts across industries.

As well, several elements of EI reform were expected to have different impacts on different industries. For example, the lowering of the MIE would reduce benefits disproportionately for high income industries, while the new divisor rule, and the intensity rule would impact industries with seasonal work patterns. The new hours-based system was expected to offset some of the decline in seasonal industries because the longer hours generally worked in these sectors would result in some individuals qualifying for the first time and others receiving longer duration of benefits.

## **VI. CONCLUSION**

This chapter documented actual claim take-up rates, entitlement, and weekly benefit entitlements during the first year the EI program was in place compared to the year immediately preceding the reforms. However, to actually assess the impacts of the reform on these measures requires much more comprehensive analysis. For subsequent reports, the Canada Out-Of-Employment Panel (COEP) survey (described in Annex A) combined with related administrative data and the Labour Force Survey (LFS) will provide a comprehensive picture of how people experiencing job loss are adjusting under EI. For example, future reports will provide information on the characteristics of individuals experiencing job loss and their households, employment histories, job search activities and financial circumstances.

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<sup>8</sup> See Table 13 in Annex B

## **Chapter 5 - What is Known So Far - Employment Benefits and Support Measures (EBSM)**

This chapter reports on the impacts of the new Part II Employment Benefits and Support Measures (EBSM) from the perspective of the first year's experience and as compared to similar employment interventions called Unemployment Insurance Developmental Uses (UIDU) under the previous UI Act. To this end, EBSM information has been prepared for the July 1, 1996 to June 30, 1997 period and compared with UIDU information for the July 1, 1995 to June 30, 1996 period. This approach is being taken in this initial reporting year because the EBSM came into effect three months following the commencement of the 1996/97 fiscal year. For future reports, the information will be provided on a fiscal year basis so that the information will be consistent with other public accounting and expenditure practices.

### **I. INTRODUCTION**

As context for the implementation of EBSM, Part II brought about six significant changes:

#### *Expansion of Client Base for Assistance from Active Measures*

Under the UI Act, assistance for active measures was only available to current UI claimants. Under Part II, EI funds are available to assist both current and former claimants; the latter defined as those who collected EI benefits in the past three years and those who collected maternity or parental benefits in the past five years.

#### *The Elimination of the Extension of Income Benefits for Claimants Participating in Active Measures*

Under the UI Act, a claimant's weeks of income benefits could be extended for up to three years while the claimant participated in, for example, a labour market training program. Under EI, no such extension is permitted and all additional assistance for claimants participating in active measures is supported within the limited and discretionary Part II budgets.

To accommodate the elimination of the extension of the benefit entitlement and as a precursor to the Skills Loans and Grants Employment Benefit, the practice of negotiated financial assistance (NFA) was introduced. Under this practice, counsellors work with clients to determine the additional costs of taking training, and an agreement is negotiated on an individual basis to determine both HRDC and client contributions towards such costs.



### *Provisions for Provincial and Territorial Partnerships*

As described in Chapter 3, the new legislation directs that the EBSM be developed in concert with provincial/territorial governments and allows for the transfer of Part II funds to provinces/territories should they decide to assume delivery responsibility. While HRDC continued to deliver the EBSM for the period under review, the fact that negotiations were underway with most provinces and territories for the future delivery of such programs placed some limitations on the types of services provided over this period.

### *The Three-year Phase-out of Training Purchases*

Under the previous National Training Act and in conjunction with the funding authority of the UI Act, the Government of Canada purchased training courses or seats from provincial/territorial governments and from training providers. The EI Act gives a three year timeframe to June 30, 1999 for the federal government to cease this practice, as labour market training is considered to be a provincial/territorial area of responsibility. Where provinces and territories decide to do so, these training purchases will be replaced by skills loans and grants. Skills loans and grants have been in place in Alberta since November 1997; grants have been operating in New Brunswick since October 1997 and pilots are now underway in Nova Scotia. The precursor to skills loans and grants, enhanced feepayers, is in place in all other provinces and territories except Ontario.

### *Results-Based Accountability*

The implementation of the EBSM introduced a significant shift towards focusing on results rather than on process; that is, rather than solely reporting on the number of participants and expenditures, the focus is measuring to what degree Part II measures and services are helping participants return to work. The "success" indicators to be used are: the number of participants who find employment; for current EI claimants, the amount of unpaid Part I Income Benefits resulting from claimants returning to employment before the end of their entitlement; and, the number of active EI claimants served.

### *Client Responsibility*

A key principle underlying Part II of the Act is that clients must play a major role in identifying the type of assistance they need, finding where that assistance is available and, as appropriate, contributing to the cost of the assistance.

## II. PARTICIPANTS

### 1. General

Over the period from July 1996 to June 1997, it is estimated that some 305,000 individuals participated in one of the new EBSM, whereas 231,000 UI claimants participated in similar UIDU activities from July 1995 to June 1996. As the following table indicates, the EBSM participants break out into four main groups:

Intervention	July 1995 to June 1996		July 1996 to June 1997	
	# of participants	%	# of participants	%
Employment Assistance <sup>1</sup>	31,000	14%	113,000	37%
Training Purchases <sup>2</sup>	112,000	48%	106,000	35%
Enhanced Feepayers <sup>3</sup>	46,000	20%	42,000	14%
The Remaining EBSM	42,000	18%	44,000	14%
<b>Total<sup>4</sup></b>	<b>231,000</b>	<b>100%</b>	<b>305,000</b>	<b>100%</b>
<p>1. Represents relatively short-term interventions such as employment information sessions and counselling.</p> <p>2. Includes courses or seats purchased from provinces or training institutions and project-based training.</p> <p>3. Enhanced Feepayers is the precursor to Skills Loans and Grants and was introduced on an interim basis to accommodate the elimination of the extension of the income benefit entitlement for claimants taking training and paying tuition fees.</p> <p>4. The comparison does not include the number of clients assisted directly by HRDC.</p> <p>Note: Detailed information on the number of participants is contained in Table 15 in Annex B.</p>				

There are some important qualifications to note on this table. The 23 percentage point shift in participant shares to Employment Assistance and the decrease in training activities, which usually represent longer term interventions, reflect a number of factors which were at play for the initial year of EBSM. For example, first the EBSM design for individualized client return-to-work action plans increased the demand for services from community-based organisations to assist with information and counselling functions. Second, the accountability success indicator measuring unpaid income benefits resulted in the greater use of short-term interventions to help claimants to return to work before the end of their benefit entitlement. Third, the policy to gradually withdraw from Training Purchases began to be implemented in some areas. Finally, the future planned transfer of responsibility to the provinces and territories under the LMDAs meant that entering into longer-term financial commitments was inappropriate in several regions.

Under EI, former claimants (those who were not currently eligible but had received EI benefits in the last three years, or five years in the case of maternity or parental claimants) became eligible for employment benefits. The expansion of the eligibility

criteria is a key element to be reported on; that is, the split in participation between current and former EI claimants and the results achieved in each case. Under the LMDAs, a target of 65% current EI claimants and 35% previous EI claimants has generally been set.

For this first year, however, it is not possible to report on the split between past and current claimants as the client tracking system was not fully operational; this was particularly true in the case of assistance provided by community-based organisations, which represent all of the Employment Assistance participants and many of the Training Purchases (i.e., project-based training) participants.

## **2. Designated Groups**

For HRDC, the federal government's support of equity principles has included, in the past, the provision of information on the participation in employment programs and services of the four designated groups - women, persons with disabilities, Aboriginal peoples and visible minorities. This practice will continue and analysis will be provided of the results achieved for these groups as part of the Labour Market Development Agreements (LMDAs). However, it should be kept in mind that information on designated groups from administrative files is dependent on self-identification.

For the period under review the following information is available: women's participation increased slightly to 43% from 42%, with decreases in the Atlantic provinces and Saskatchewan and increases in the remaining regions. At an intervention level, there was a ten percentage point decrease in women's participation in training purchases; to a large extent, this decline is explained by regions maintaining funding support for apprenticeship training, which historically has an over 90% male representation. At the same time, there was an increase in the participation rates of women in Self-Employment Assistance, Employment Assistance, and Targeted Wage Subsidies.

The participation rate for persons with disabilities has increased slightly under the EBSM to 2.2% from 2.0%. There were slight increases or decreases in each province. At the intervention level, the decreases in the rates for Employment Assistance and Targeted Wage Subsidy activities, which traditionally have relatively high rates for persons with disabilities, have been offset by increased participation rates in Training Purchases and Enhanced Fee-payers.

The practice of self-identification and reporting is a particular issue with Aboriginal peoples and visible minorities. However, the formative evaluation of EBSM concluded that for both groups the participation rate was 4%, which would represent a two percentage point decline for the former group and maintaining the participation level for the latter group. However, at this time, neither the formative evaluation nor the administrative data based upon self-identification take into account participation using

El Part II funds under the Regional Bilateral Agreements (RBAs) with Aboriginal organisations. Thus further evaluative work is needed for a more complete picture of the participation of these groups.

### **3. Official Languages**

The use of official languages was examined as part of the formative evaluation to determine access to services and interventions in language of choice as well as client satisfaction. The formative evaluation of employment benefits included surveys of participants and non-participants and interviews with HRCC staff, third party deliverers, and community partners. In addition, two minority communities were selected for detailed study. Sherbrooke, Quebec was selected as an English-speaking minority community and Sturgeon Falls, Ontario was selected as a French-speaking minority community. The research method used in the minority communities included focus groups of clients, employers, and community partners, as well as case studies and surveys.

Despite downsizing, clients continue to be able to access services in the language of their choice from HRCCs. Primary services such as the provision of information and employment assistance services are generally available to members of official language minority communities.

The HRCCs reported being able to provide bilingual information services in those offices required to do so, and some non-designated bilingual offices also demonstrated a capacity to serve clients in a minority official language. Overall, three-quarters of survey respondents reported being satisfied or very satisfied with the information that they had received in their language of choice. Of those surveyed, about 98% of minority official language community members receiving interventions received information in their preferred language. Of those who speak English in Quebec, 97% prefer to receive information in English; of those who speak French in the rest of Canada, 47% prefer to receive information in French.

The availability of program interventions in both official languages was more of an issue of concern. The HRCCs and community-based deliverers indicated that, in some instances, attempts had been made to offer an intervention such as training in the minority official language, but that there had been insufficient demand to warrant offering the training course. The majority of the HRCCs reported receiving limited demand for services in a minority official language. Low demand for interventions in the minority official language could be the result of a number of factors. Members of minority official language communities themselves indicated that one reason they did not obtain interventions in the minority official language was because they were not requesting them. Demand was also thought to be influenced by the knowledge level of potential participants. Minority language organisations indicated that their constituents



were less likely to pursue information from a third-party delivery organisation which did not provide primary service in their own language, e.g. if information on targeted wage subsidies is not being provided by a francophone delivery agent, then francophones might be less likely to know about these interventions.

As well, lack of minority official language employers in the community is also a limiting factor in the use of interventions. It is difficult for members of minority official language communities to use targeted wage subsidies or job creation partnerships if there is limited employment available in their language of choice, or if they cannot communicate with the employer in their language to secure employment. In order to build better information and access links between providers and users, HRCCs are beginning to partner with minority language institutions and organisations to ensure that services are provided to minority language community members in their preferred language.

Under the changes associated with EBSM, the HRCCs appear to have expanded their consultation with community players who represent the interests of official language minority communities. Evidence of this was found in speaking with the employees of the HRCCs who serve substantial minority language communities, such as those in Quebec and Ontario. These HRCCs are taking steps to deliver employment benefits through partnerships with the community organizations that serve these communities. This new approach has given the HRCCs the flexibility to broaden their consultation and expand the services provided to minority language clients through groups which are closer to the needs of the minority language community.

In the future, under the LMDAs, the evaluation process will examine whether clients in communities where there exists a significant demand, have access to services and interventions in their preferred official language and will assess the satisfaction level. As well, discussions are currently underway between HRDC and the provinces with transfer LMDAs to include data elements on official language through information exchange agreements. In addition, HRDC is modifying its own systems to ensure appropriate data collection on official languages.

### **III. EXPENDITURES**

Over the period from July 1996 to June 1997, some \$810 million of Part II funds were spent on individuals who took part in EBSM, excluding \$377 million in Part I income benefits provided to Part II participants. Total Part II expenditures were somewhat higher since these included Labour Market Partnerships and Research and Innovations (\$70.0 million); however, since these initiatives generally do not have direct participants, they were not included in this analysis.

However, overall expenditures declined from \$1.7 billion for the period July 1995 to June 1996 to \$1.2 billion for the period July 1996 to June 1997. A key reason for this

decline in expenditures is the transitional period required to put the new measures in place. In fact, Part II expenditures for the 1997/98 fiscal year indicate that spending is now on target and as a result the overall expenditures for this fiscal year will exceed expenditures in 1996/97.

There has been a significant shift towards less costly interventions which as noted earlier has led to substantially more clients being served. For example, participation in Training Purchases declined by only 5%, while expenditures declined by 35%. Similarly, the self-employment benefit is substantially less costly due to changes in program requirements. The result has been a reduction in per-client costs.

Intervention	July 1995 to June 1996		July 1996 to June 1997	
	\$ in millions	%	\$ in millions <sup>1</sup>	%
Employment Assistance	77.5	5%	130.1	11%
Training Purchases <sup>2</sup>	1,009.1	59%	656.9	55%
Enhanced Feepayers <sup>3</sup>	300.0	18%	173.7	15%
The Remaining EBSM	310.8	18%	225.6	19%
Total	1,697.4	100%	1,186.3	100%
<ol style="list-style-type: none"> <li>Both Part I and Part II funds have been included for comparison purposes with UIDU, although under EI, Part I expenditures are treated as a non-budget entitlement.</li> <li>Includes courses or seats purchased from provinces or training institutions and project-based training.</li> <li>Enhanced Feepayers is the precursor to Skills Loans and Grants and was introduced on an interim basis to accommodate the elimination of the extension of the Insurance Benefit entitlement for claimants taking training and paying tuition fees.</li> </ol>				

The previous table shows a six percentage point increase in the share of funding to Employment Assistance activities and a four percentage point decrease in the share for Training Purchases. This is consistent with the increased demand to employ community-based organisations to provide information and counselling services and the phase-out of Training Purchases. The increase in the remaining EBSM is solely associated with the inclusion of the Targeted Wage Subsidy, which was not available prior to July 1996. Of note, however, is the continued funding of the enhanced feepayers activities which represents the precursor to the skills loans and grants, the type of financial support for training which insured participants will receive in the future.

Detailed information on expenditures by intervention is provided in Tables 16 and 17 in Annex B.

#### IV. COST PER PARTICIPANT

The improvements in the costs per EBSM participant are commensurate with the design of the interventions and the EI Part II guidelines underscoring the focus on

results and, where appropriate, a client contribution<sup>9</sup>. As well, the reduction in average costs is associated with the focus on assisting claimants in returning to work before the end of their benefit entitlement and the elimination of the provision to extend the income benefit entitlement period for individuals participating in “active” measures.

At a national level, the average participant cost decreased by \$3,400, from \$7,300 to \$3,900. Lower costs are evident for all interventions. In particular, the Self-Employment Assistance (SEA) average cost of \$6,500 under the EBSM is substantially lower than the \$17,800 average cost under UIDU. In part this is due to changes in program criteria; where previously a SEA agreement had to be for 52 weeks, there is no such requirement under the new EBSM.

## **V. EVALUATION FINDINGS**

This section examines findings related to the impacts of the EBSM taken from the initial, formative evaluation focussing on the following issues: employability and employment; reduction of reliance on EI; and client attitudes.

### **1. Impact on Employment and Employability**

The impact of interventions is affected by a number of factors including the state of the national and local economy. As well, time is required to assess the EBSM contribution to helping clients find work. In fact, many of those interviewed believed it was too soon to assess the impact on finding employment. For this reason, questions around improved employability are considered valuable as an indication of a potential employment result.

The majority of clients in focus groups indicated that they acquired new skills and competencies, and gained useful work experience from employment benefits. Interviewees also reported that the job experience and softer skills acquired (e.g., independence, time management, responsibility) generally make participants who do not find a job with the employer, in instances of targeted wage subsidies or job creation partnerships, more attractive to other employers. It was reported that even self-employment participants who did not end up starting or maintaining a business acquired the generic skills and work experience that would help them in finding a job.

The proportion of survey respondents in agreement with the statement that they acquired skills that would help them find employment was highest among training (72%) and self-employment participants (70%), followed by targeted wage subsidy participants (62%), employment assistance users (53%) and job creation partnership participants

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<sup>9</sup> See Table 18 in Annex B for detailed costs per participant by program and region.



(51%). The relatively low levels for employment assistance users reflect that it is largely an information and counselling service. With respect to job creation partnerships, focus groups revealed that participants had handled many responsibilities demonstrating task and time management skills and these skills may not have been recognized as such by survey respondents. As well, three-quarters of targeted wage subsidy and job creation partnership respondents reported that they were satisfied or very satisfied with the job experience gained.

## **2. Reduction of Reliance on EI**

At this point, the information on the impact of employment benefits on reducing clients' reliance on EI is limited. Most survey respondents were still participating in an intervention. Even for those who have finished their intervention, insufficient time has passed since implementation of employment benefits to determine the impact of completed interventions on EI reliance. The impact of interventions on reducing reliance on EI will be assessed in future evaluations.

## **3. Clients' Attitudes**

Clearly, attitudes towards finding and keeping employment are affected by a number of factors, including the state of the economy and the availability of work in the local economy. Focus group participants indicated that interventions have a positive impact on clients' attitudes by improving their self-confidence and providing them with a supportive environment. Working (through a targeted wage subsidy, job creation partnership or self-employment program) or participating in an intervention that allows one to develop skills (e.g., training) or make connections (e.g., job finding clubs under employment assistance services) play a major role in improving self-confidence and contributing to a positive attitude.

As well, some aspects of employment benefits contribute to clients taking increased responsibility for actions that will lead to employment. Overall, those interviewed felt that the implementation of employment benefits helped clients assume more responsibilities by requiring clients to, for instance, conduct research on employment opportunities before being approved for training or self-employment. A minority of participants also noted that case management and the development of action plans assisted clients in taking responsibility and following through with their formal commitments; however, only a minority of clients develop action plans.

Finally, the financial contribution that some clients are asked to make through the process of negotiated financial agreements (NFA) to the start-up of their business and the cost of their training was identified by those interviewed as contributing to client responsibility.



## **VI. TRANSITIONAL JOBS FUND**

While not part of the EBSM, the Transitional Jobs Fund (TJF) was implemented at the same time as the new EI Act so as to assist individuals and communities to adjust. Funded through the Consolidated Revenue Fund (CRF), it was designed to assist, on an interim basis, individuals who resided in areas of the country experiencing high unemployment levels (i.e., a rate of 12% or higher). TJF is a 3-year, \$300 million initiative designed to help these regions by contributing financial support for activities that generate ongoing economic activity and, in turn, create direct new sustainable jobs.

In concert with labour market partners, including provincial and territorial governments, HRDC has developed regional strategic plans that identify areas of regional economic priority to determine which economic activities TJF projects should support, focusing on sectors with good prospects for future growth. TJF is also designed to encourage partnership initiatives with the private sector and other orders of government, and this partnership approach is key to the development of sound projects and is built into the program's framework; i.e., the employment created is to be consistent with the strategic plan for local and regional economic development and the partners must contribute a minimum of 50% of project costs.

Between July 1996 and December 1997, TJF has provided financial assistance totalling \$178.5 million for 499 projects across Canada. In addition, it is estimated that over \$1.4 billion has been contributed by partners, representing more than \$7 for every HRDC dollar. It is estimated that these expenditures have created 24,000 new sustainable jobs at a cost of \$7,436 per job for HRDC. Table 19 in Annex B outlines the number of projects and expenditures by province.

## **VII. CONCLUSION**

The new Employment Benefits and Support Measures represent a major restructuring of past programming both in terms of the types of interventions and the basic principles underlying their delivery. Part of this restructuring also involved a major organisational realignment resulting from both the new arrangements with the provinces and territories and the broader restructuring which was occurring within HRDC. To date, the EBSM are less costly, and therefore have the potential to assist more unemployed Canadians. As well, there has been a shift towards increased client responsibility.

## ***Chapter 6 - What Is Known So Far - Community Adjustment***

### **I. INTRODUCTION**

The monitoring and assessment of community adjustment involves both qualitative and quantitative research and analysis of 14 selected communities across Canada. The core of the quantitative assessment will evolve over time with the primary source being the Canada Out-of-Employment Panel (COEP) survey described in Annex A as well as HRDC administrative data and Statistics Canada data. Qualitative information will be drawn from various sources such as interviews, with further context being provided through the development of socio-economic profiles which will include both economic and social well-being indices.

This section relies on qualitative information drawn from focus group sessions supplemented by quantitative information, which provides “profiles” for the communities. Community profiles provide a base upon which to assess the level and nature of the adjustment occurring among the various communities. The intent is to ensure that the qualitative and quantitative information can be brought together to provide a comprehensive understanding of what is happening in each community. At this stage, however, such an integration of information is not possible.

The selection of the fourteen communities was based on various criteria. Five communities were selected to represent their economic regions in terms of average demographic, economic and labour force characteristics. The remaining nine were selected to provide an understanding of adjustment occurring in communities with special characteristics, such as high unemployment, high levels of seasonal employment, urban and rural populations and high female participation.

### **II. THE FOURTEEN COMMUNITIES - AN OVERVIEW**

The fourteen communities selected for detailed analysis are: Clarenville, Newfoundland; Prince Edward Island; Truro, Nova Scotia; Miramichi, New Brunswick; Repentigny, Quebec; Montreal Centre East, Quebec; Toronto Centre, Ontario; Hamilton Mountain, Ontario; St. Boniface, Manitoba; Prince Albert, Saskatchewan; Calgary, Alberta; Kelowna, British Columbia; Surrey, British Columbia; Yellowknife, Northwest Territories. Table 20 in Annex B provides a summary of community characteristics. It provides salient information grouped under three general headings: demographic factors, economic characteristics, and annual income and income support characteristics. The age, gender, and occupational profiles appear relatively stable across the fourteen communities, as do selected economic characteristics. Turning to “Annual Income and Income Support Characteristics”, differences among the communities become more apparent. For example, the proportion within the communities’ population bases

receiving social assistance (SA) benefits ranges from 10 to 23 per cent. There are also marked differences in average incomes across communities.

### III. SELECTED QUANTITATIVE ASPECTS

Table 20 in Annex B highlights important underlying similarities and differences among the communities. Community adjustment is gauged by reference to features that bear directly on EI and the communities' reactions and adjustments to the EI change.

Table 21 in Annex B provides information about the average number of weeks worked before establishing a claim for EI. The number of weeks required for a claim must be at least as high as the minimum number of qualifying weeks in the region. In communities where a high proportion of claimants work only the minimum number of weeks, the average number of weeks required to qualify for EI is generally lower. For example, in Clarendville the average number of weeks worked prior to filing a claim is about two-thirds that of Toronto. Although most of the fourteen communities exhibited a small increase in the average number of weeks worked over the period 1991 to 1996, both Clarendville and Miramichi indicate about a 25 percent increase over the period.

Table 22 in Annex B indicates wide variations in the share of people who work the minimum number of weeks in order to qualify for EI. For example, in Toronto Central, about 1% of the claimants apply for EI with the minimum number of weeks. In Atlantic Canada, the corresponding number ranges from 6% to 21% among the various communities in 1995. However, there has been a steep drop in the number of claims exactly at the minimum between 1995 and 1996 among all communities in Atlantic Canada, particularly Clarendville, Miramichi and Prince Edward Island. As noted earlier, this could, in part, reflect the implementation of the minimum divisor.

The new minimum divisor lowers the EI benefits of claimants who work only the minimum required to qualify for benefits. This creates an incentive for workers to find an extra two weeks of employment before applying for EI benefits. To examine whether claimants among the various communities are working extra weeks, Table 23 indicates the shares of claims with two weeks above the minimum before and after the change was implemented.

In 3 of the 4 Atlantic Canada communities, there has been a sharp increase in claims with an extra two weeks. Many claimants in Atlantic Canada have found an extra two weeks of work and there has been a shift from claims with the minimum weeks to claims with two weeks above the minimum. The extra two weeks could have been obtained from more intensive job searches, or through the actions of employers who may have extended the duration of work. As may be noted in the focus group comments which follow, some employers in Atlantic Canada indicated that they extended the duration of employment to accommodate the EI changes. One



explanation for their actions was their concern with ensuring that specific workers would be available after the claim period.

#### **IV. QUALITATIVE ANALYSIS**

The qualitative research on the 14 selected communities consisted of three rounds of semi-annual focus group sessions with workers who had experienced unemployment, employers and service delivery workers. In all, over 1,500 people participated in the focus group sessions, including over 200 participants drawn from the general public for the first two rounds.

Among the focus group participants, those workers who experienced unemployment were selected on the basis that they must have collected income benefits at some time in the recent past and hence would have been familiar with the previous UI program or the new EI program. Employers were recruited for their familiarity with unemployment/employment insurance and with hiring and lay-off practices. Service delivery workers included, where appropriate, HRCC staff, provincial service/program delivery staff, third-party deliverers, and other individuals involved in delivering EI-mandated programs and services.

Focus groups can provide an excellent forum for the expression of group and individual perceptions that would be difficult to obtain through the more rigidly structured vehicles such as surveys. Often participants provide additional information via unsolicited comments that may uncover details not anticipated by the designers of policy. However, in a monitoring context, it must be recognized that any participant's perceptions of and responses to EI can be influenced by personal factors and may not be consistent over a range of related questions.

While the focus groups add an important human dimension, it is also important not to overstate their representativeness. Caution must be exercised in attempting to generalize the results to the population as a whole. Focus group sessions are generally not designed to provide statistically reliable information and participants' comments should not be interpreted as representing an "average" result. The comments can, however, shed light on how people within selected groups and communities feel about a certain program, its delivery, and how it affects them.

#### **The Focus Group Sessions**

The first round of focus groups was conducted in September 1996 and provided qualitative baseline perceptions about the new EI program and what impacts might be expected from a community perspective. It is important to note that Round I participants had little first-hand experience with the changes introduced by the EI Act. Responses were often hypothetical, but they served to establish reference points



for the subsequent rounds. The second round was held in February 1997 and Round II participants appeared more knowledgeable about EI. In particular, there appeared to be a shift in worker and employer attitudes, perceptions and behaviours as they adjusted to EI changes. Round III focus group sessions were conducted in August and September 1997. Participants in this round appeared to be more knowledgeable about EI, especially participants who were service delivery workers and employers. However, it was apparent that there were still noticeable gaps in knowledge.

In comparing Round I and Round II results, four important changes were noted: an increased concern about benefits among the unemployed, in particular seasonal and low-wage workers; a growing awareness of EI changes, although participants exhibited considerable uncertainty about how changes would apply in their specific cases; a demand for more information; and, the increased burden placed on employers who, during the initial transition period, had to invest a lot of time understanding the changes in order to explain them to their employees.

Round II detected other shifts in worker and employer attitudes, perceptions and behaviours as they adjusted to EI changes. For example, unemployed workers explained that the low and falling benefit levels forced some of them to work "under the table" to make ends meet. In particular, seasonal male workers who were their family's primary wage earner felt other sources of income were required to supplement EI. As well, the changes to EI were perceived as creating a disincentive for EI recipients to work while on claim or to work weeks with few hours. "Small weeks" would result in lower benefits, so some recipients considered that it was not worth working small weeks. In consequence, some employers reported having difficulty getting workers to come in for work for an isolated shift. This was a view more frequently expressed in Eastern Canadian communities. However, the vast majority of focus group participants felt that not enough time had passed to assess the impact of EI reform on clients, employers, and the community.

While the level of knowledge of the changes associated with the new EI was relatively low even at the Round III stage, workers in communities characterized by seasonal employment tended to be more aware of the changes and their expected impacts. Workers in non-seasonal economies, as well as those in larger urban communities, were generally less knowledgeable about the changes. The exception to this finding was Calgary, where there was a high level of understanding of the EI changes. Perhaps the most apparent differences in community perception of and responses to EI occur on a regional basis. Very different perceptions about EI were noted among employers and employees living in communities in Eastern versus Western Canada.

Seasonal workers living in Eastern Canadian communities characterized by high levels of unemployment indicated that some employers were willing to increase the number of hours worked by their employees in response to EI changes. In these communities,

workers often saw few alternatives to their existing form of employment, suggesting little incentive to change their re-employment behaviour. There was no evidence of similar actions being taken by employers among Western Canadian communities.

Workers in communities characterized by seasonal employment were concerned that they will not have sufficient hours to be eligible for income benefits in the future. As well, workers in seasonal economies, or in communities characterized by limited employment opportunities, indicated that they did not feel that there are alternative types of employment in their community, so they were more prepared to make do with lower EI benefits. In non-seasonal economies, seasonal workers were more likely to express a willingness to find alternative types of employment which would lead to year-round employment.

There was a perception among workers living in Eastern Canadian communities, especially those in Atlantic Canada, that if they needed to find more work, they could move to Western Canada. Workers in Western Canadian communities generally did not indicate a willingness to move to find employment. Employers in Western communities were more likely to state that there was still abuse of the EI system. The change from a week-based system to one based on hours is believed to benefit part-time workers, but is viewed by many in Eastern Canada as a system which will benefit primarily the part-time worker in the urban area who may have access to a greater number of employment opportunities. Many workers in Eastern and especially Atlantic Canada view their job options as limited. Employers in Eastern Canadian communities tend to view the changes to EI as having the greatest impact on small, family-owned businesses. This view was not expressed by employers in the West.

Focus group participants in Western communities were less supportive of providing financial assistance to EI recipients to start their own business than were participants from Eastern Canada. Among Western Canadian communities, employers suggested that individuals who wanted to start their own business should be given business training rather than financial assistance.

Western Canadian communities tended to be strong supporters of apprenticeship programs as a means of training skilled employees. Many employers in these communities explained that they were having difficulty obtaining skilled trades people to fill their labour requirements. Virtually no mention was made of the need for apprenticeship programs by focus group participants in Eastern Canadian communities. In Western Canadian communities, employers often suggested that workers should contribute financially to their training. However, Eastern Canadian employers did not feel that workers would be able to contribute to their training costs because of low incomes. Workers in communities characterized by high seasonal employment expressed the concern that training is of less value to them because, despite the new skills acquired, few jobs requiring those skills are available in their communities. In

addition, they are not able to commit any money to training. In large urban communities, participants often indicated that they were interested in training, but could not access it because they did not meet local selection criteria.

## **V. CONCLUSION**

This chapter examined emerging quantitative and qualitative information regarding community-based adjustment to the implementation of the Employment Insurance Act. Fourteen diverse communities were selected for analysis. On the basis of limited quantitative information, it appears that there was very rapid adjustment among selected communities in Atlantic Canada to new requirements that could affect benefits. The adjustment was not as apparent for communities in more economically diverse regions.

Quantitative information was supplemented by qualitative information derived from three rounds of focus groups encompassing over 1,500 participants. Interviewers noted important common responses: many participants felt that not enough time had passed to fully assess the impact the new legislation might have on their personal circumstances; and, despite general agreement that the new EI system appeared fairer than the previous program, there was an acceptance that in general benefits were reduced. In contrast, distinct differences in knowledge of, and perceptions about, aspects of Employment Insurance were noted among employees and employers in Eastern and Western Canadian communities. There were important differences in attitudes about the value of training and re-retraining, mobility, funding support for the unemployed starting businesses, and employers' reactions to the reform.

Subsequent analyses of community adjustment will rely less on focus group input as a greater emphasis is placed on integrating relevant quantitative measures developed for the analysis of individual adjustment with community-based measures.

It should be noted as well that a number of research projects will be undertaken in cooperation with the Government of Prince Edward Island to assess various aspects of adjustment occurring in this province following the implementation of EI. In particular, analysis of the impact on seasonal industries, women, and broader health issues will be studied. This research will inform future reports.



## ***Chapter 7 - Overall Results and Savings***

In addition to assessing individual, community and economic adjustment, the EI Act also requires an assessment of the savings realized from: changes to income benefits; increased investigation and control; and enhanced claimant assistance service. As well, results from Employment Benefits and Support Measures and net savings in employment benefits are provided. While the overall reduction in benefit payouts is reported, it is difficult to separate the savings attributable to the EI Act from those resulting from other developments in the economy or labour market.

### **I. INCOME BENEFITS**

This section compares the expected impact of reform with what has actually occurred to date. The estimated impact of reform on income benefits presented to the Standing Committee on Human Resources Development on April 18, 1996 for the year 1997/98, was a \$910 million reduction in income benefits or a decline of 6%, with \$380 million to be re-invested in "active" employment measures. The basic approach used to estimate the savings from reform was to calculate benefit payments for a sample of EI clients on the basis of the old and new regimes. The impact of reform on each client is the difference between these two calculations with the aggregate impact being the sum of all the individual impacts. Therefore, in general, the estimates reported did not include behavioural changes on the part of individuals or employers.

As well, the reform estimates were based on forecasts of economic and labour market variables at a particular point in time; that is, forecasts available at the beginning of 1995 for the years 1997/98 through to 2001/02. The EI reform estimates were based on assumptions of higher wages and a higher unemployment rate than what is currently estimated.

As noted earlier, there was an 11.5% decline in total benefits between July 1995 to June 1996 and July 1996 to June 1997. As mentioned in Chapter 4, given the changes to income benefits provided to Part II participants (e.g., the elimination of the extension of Part I income benefits for these claimants), the change in regular benefits, is a more relevant comparison. Regular benefits declined by 8.4%. However, at this stage, it is very difficult to separate how much of the decline is due to reform and how much is due to other factors e.g., the creation of jobs and the reduction in job losses. The fact that a large portion of the decline in benefits is related to a decline in new claims would tend to indicate that factors other than reform are responsible for a significant proportion of the decline. While average benefits have declined slightly, early indications are that the size of the decline is smaller than expected. Again, this may be attributable to other factors, such as the economic recovery, and behavioural change enabling individuals to obtain the extra weeks of work required to meet or exceed the minimum divisor.



Finally, while a small portion of the savings from reform was expected to result from a decline in benefit duration, entitlement weeks have actually increased in the second half of 1996, suggesting that other factors could be overshadowing the impact of the new 45-week maximum.

## **II. INCREASED PENALTIES FOR FRAUD**

EI reform introduced new penalties for claimants and employers in an effort to reduce the incidence of employer and claimant fraud. For employers, more exacting financial penalties were introduced, particularly in cases involving collusion. For claimants, in addition to the previous financial penalties, additional hours of work may be required to re-enter the program when a fraud has been perpetrated. Minimum court fines were introduced, and the provision which allows a claimant to earn 25% of the weekly benefit or \$50, whichever is higher, before benefits are reduced, was removed when the benefits paid were fraudulently claimed. These new anti-fraud provisions are the elements of a "zero tolerance" approach towards fraud against the EI program.

A comparison of Investigation and Control administrative data for the period from July 1, 1995 to June 30, 1996 with data for the period from July 1, 1996 to June 30, 1997, indicates that the level of detected claimant fraud has diminished. There were about 16,500 fewer claimants penalized for fraud after the EI Act was implemented and the value of the penalties decreased by nearly \$20 million, that is from \$101.3 million to \$81.9 million. Conversely, the number of employer penalties increased by 21% to a total of 413, while the value of employer penalties increased by 97%, to nearly \$2 million. The number of prosecutions under the EI Act fell from 266 to 239, but the value of court fines nearly doubled, to just under \$3 million.

However, at this stage it is difficult to attribute the changes in either the number of fraud cases or the increased level of penalties to the reform. For example, it is unlikely that the increased entrance requirement for those who have previously committed fraud would have had any real impact at this stage. However, it is possible that the increase in the value of employer penalties is related to the new penalty structure; further analysis is required before drawing any firm conclusions.

## **III. ENHANCED CLAIMANT ASSISTANCE SERVICES**

A third area of savings resulting from EI reform was to be achieved through the provision of enhanced services to ensure that claimants return to work as quickly as possible. In particular, group information sessions were to be provided to claimants to provide local labour market information and information on their rights and obligations under the Act. To date such sessions have not been utilized extensively primarily due to the substantive changes which were occurring in local offices due to downsizing and to some degree the adjustments related to establishing new relationships with the

provinces and territories.

#### **IV. RESULTS OF EMPLOYMENT BENEFITS AND SUPPORT MEASURES (EBSM)**

The implementation of the EBSM included the challenge of putting in place operational reporting measures which would inform local level managers and those working with clients of the results being achieved on a monthly or quarterly basis. As well, it was recognized that there is a need to report on incremental impacts, or the extent to which the assistance helped claimants and former claimants find and maintain employment compared to a similar person who did not receive the assistance. This latter objective must be achieved through formal evaluations involving surveys, economic models and other evaluative techniques.

To provide short-term “success” indicators, or measures which show direction and could be used for operational decision-making purposes, the EBSM Accountability Framework as described in Chapter 3 was put in place to provide managers at all levels with results-based information.

Once the “success” indicators of “return to employment” and “unpaid benefits” were established, the next step was to determine the level of performance for each intervention. For this purpose employment benchmarks, based on previous program results, were established with the information being appropriately adjusted to reflect current budget levels and the types of benefits and measures set out in the new EI Act. While the benchmarks have been converted to minimal targets for 1997/98 as set out in Chapter 3, the approach for future years is for targets to be adjusted taking into account results achieved at the local level using an annual bottom-up, target-setting exercise.

The implementation of the EBSM Accountability Framework has proceeded reasonably well; however, due to the fact that the system was being put in place at the same time as the new benefits were being implemented meant that there was a substantial under-reporting of interventions and savings. For example, the system recorded some 97,000 participants finding employment following their intervention, representing 64% of the 151,000 benchmark for this indicator, and \$465 million in unpaid benefits (60% of the benchmark for this measure).<sup>10</sup> However, the formative evaluation suggests that this represented about a 40% under-reporting of the number of participants finding work. Indeed, the formative evaluation of EBSM showed that nationally 55% of participants were employed for at least three months following the intervention, representing nearly 170,000 participants; therefore, the formative evaluation suggests that the benchmark was in fact exceeded. Similarly, the updating exercise suggests that the amount of unpaid Part I income benefits was under-reported by 39%.

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<sup>10</sup> Table 24 in Annex B shows employment results and unpaid benefits by province.

The administrative system was substantially under-reporting for the first months of the reform with the conversion to track individual clients from tracking programs; i.e., information on clients was not being entered. The results from the first five months of 1997/98 show client information is now being entered and the system is improving its reporting accuracy. In conclusion, the initial year served to put in place an operational results-based tracking system for EBSM participants. For next year's report, the objective is a report on results achieved for 1997/98 by comparing the actual results reported by the operational system to the targets for the "success indicators".

## **V. LONGER-TERM RESULTS OF EBSM**

To determine the longer-term impact of these interventions, it is necessary to disentangle the effects of the intervention from all the other factors. Through such a process the incremental impacts (the difference in the outcome with the program or service and the outcome without the program or service) can be assessed. Subsequent reports will examine these incremental impacts by comparing clients receiving the intervention to a comparable group not receiving such assistance.

## **V. CONCLUSION**

Savings from the reform were expected from three sources: reduced income benefits; increased investigation and control; and, enhanced claimant assistance services. There was a 8.4% decrease in regular income benefits, excluding Part I income benefits paid to Part II participants, in the first 12 months of the reform compared to the 12 months preceding the reform. At this stage it is not possible to separate savings resulting from reform as opposed to other changes in the economy and labour market. There was a \$20 million decrease in detected claimant fraud and an increase in employer penalties. Enhanced claimant assistance services have not been implemented extensively and as a result savings from this measure have been minimal.

With respect to short-term results of Employment Benefits and Support Measures, it would appear that targets are being achieved. Future reports will include measures on the incremental impact of these employment interventions.



## ***Chapter 8 - Conclusion***

As the first in a series of five annual reports this document sets out the general labour market context in which the new Employment Insurance system was implemented, describes the changes which were made to the system, and to the degree possible, reports on the level of adjustment which has occurred since the new program was put in place, as well as the results achieved.

This first year of the reform has involved substantial transitions, with new systems being put in place to determine eligibility and benefit levels, new reporting requirements to simplify administration for employers, a shift towards result-based employment benefits, greater local flexibility and the establishment of new partnerships between the Government of Canada and the provinces and territories for the design and delivery of Part II Employment Benefits and Support Measures. At the same time, the economic recovery resulted in job growth and a substantial decline in the number of job losses. However, at the same time unemployment remained high, and even increased, in some regions as more people entered the labour market to find jobs.

While limited analysis is possible at this early stage, preliminary information has been presented both to inform and to provide a baseline against which future information can be assessed. Given the variety and complexity of the issues which can influence the expenditures and effectiveness of the Employment Insurance program, only through comprehensive analysis and research can the cause and effect of program changes be segregated from other factors. That is why the Canada Employment Insurance Commission's EI Monitoring and Assessment process involves a longer term commitment to undertake detailed analysis and research on how individuals, communities and the economy are adjusting to the reform, and to determine the effectiveness of the benefits and services provided under the program.

For example, using the Canada Out-of-Employment Panel (COEP) survey combined with analysis of detailed EI administrative data and information from the Labour Force Survey (LFS) will provide a comprehensive picture of the level and nature of the adjustment which is occurring. This analysis will provide the following types of information: the impact of job separation on personal finances (income, expenses and debt), the impact of the reform on social assistance caseloads and costs, and the degree to which the new hours-based entrance system is changing the weekly hours of work of EI claimants. In addition, evaluations and the use of micro-simulations, will assess the impact of various elements and the effectiveness of various benefits and services in terms of assisting people to find, create and keep jobs. To date results from the COEP survey of only one group of individuals who became unemployed after the implementation of EI (i.e., those who lost their job between July 1996 and September 1996) are available. While this limited amount of information does not enable any



conclusions to be drawn, the initial findings provide a sense of the type of information which will be available for future reports. For example, comparing respondents in the third quarter of 1995 to those in the third quarter of 1996 indicates that: the percentage collecting social assistance remained relatively constant (increasing slightly from 4.6% to 4.8%); average hourly wages of re-employed workers declined slightly from \$13.30 to \$13.00; and there was no indication of any significant change in financial hardship of unemployed workers. In future reports these measures will provide a solid sense of how individuals are adjusting and, to the degree possible, which of the reform elements are most affecting the changes observed. This information will also be supplemented by detailed information on the 14 communities which have been selected for more comprehensive analysis.

Over the coming year a key focus will be the implementation of the new Labour Market Development Agreements (LMDAs) with the provinces and territories. Implementation of these agreements will involve the putting in place of systems to ensure that results achieved can be reported in future reports. Finally, over the next year there will be an ongoing assessment of the declining beneficiary to unemployed (B/U) ratio and an analysis of the "small" week projects which have been put in place in 29 of the 54 EI regions. A separate analytical paper will be released in 1998 on the initial findings of the surveys being conducted by Statistics Canada on the declining beneficiary to unemployed ratio.

## **Annex A - The Approach to Measuring Adjustment**

This annex sets the approach to measuring adjustment in the Monitoring and Assessment Reports to Parliament, describing: the analysis of administrative data; the Canada Out-of-Employment Panel survey; community analysis; the coverage survey; and evaluation of the Labour Market Development Agreements.

### **I. ADMINISTRATIVE DATA**

#### ***For Income Benefits***

Administrative data are being used to analyse the impacts of reform of income benefits. The analysis examines the impact of various changes such as the reduction in the Maximum Insurable Earnings (MIE) on benefit levels. Administrative data are also used to examine the overall impact of the reform on various client groups (e.g., by gender and age), and provinces.

The primary data source for income benefits is the Status Vector file which contains information over time on the characteristics of claimants and their claims. Data are available with a three-month lag. A complete picture of duration is only available with a significant lag. For this report, the most recent data available from the Status Vector is until June 1997.

With respect to employment benefits and support measures, administrative data are available on the participants, type of intervention, cost of intervention and results. Short term results, measured in terms of employment obtained and savings of unpaid benefits, are being monitored. Medium-term results or net results of employment benefits measure the impact of an intervention as compared to the impact in the absence of the intervention.

#### ***For Financing Framework***

The primary data source for premium revenues is the tax file, T4-Supplementary, which contains information on individuals' insured earnings and EI premium contributions. Data are, however, available with a two-year lag (i.e., 1997 data will be ready in early 1999). Therefore, it will not be possible to produce thorough analyses of the impacts of the changes made to the premium structure before mid-1999.

This administrative data will be used to assess the impacts of the reform of the premium structure. Analyses will evaluate the impacts of the first dollar coverage and the annualization of the maximum insurable earnings as well as premium refunds to workers and employers.

## **II. THE CANADA OUT-OF-EMPLOYMENT PANEL (COEP) SURVEY**

The COEP survey collects information on the background demographics of individuals and their households, employment histories, job search activities and outcomes, financial circumstances and utilization of social assistance and EI of persons experiencing an interruption in their employment activity. The survey involves two or more interviews with individuals who experienced a job separation before or after the implementation of EI reform. The first interview occurs one year after job separation and the second interview is nine months thereafter. The findings from the COEP surveys are then combined with related administrative data and the Labour Force Survey information to provide a comprehensive picture of how people experiencing job loss are adjusting under EI. This work, prepared by HRDC evaluators, is guided and scrutinized by a panel of subject-matter experts from four Canadian universities. Analyses include indicators relevant to EI income benefits impacts, both general measures of key variables such as trends in weekly hours of work, EI coverage, as well as specific adjustment measures based upon pre- and post-EI comparison. Such facts will be presented at the national level with provincial or economic regional break-outs and, where possible, for selected communities. Details will also be presented by gender and age. This includes information on the characteristics of individuals and their households, employment histories, job search activities, financial circumstances and use of social assistance and EI. In particular, changes to working time and household financial adjustments to job loss, outlining impacts of job loss on household income expenditures, assets and debts will be examined.

## **III. SELECTION OF 14 COMMUNITIES FOR DETAILED ANALYSIS**

Qualitative research on community adjustment is provided in this report. Subsequent reports to Parliament will continue to make use of qualitative information, although it will assume a supportive role as more quantitative data, including the COEP survey, allow for in-depth analysis. For the purpose of this report, selected quantitative data were developed on a community-specific basis and are reported in conjunction with focus group information. Subsequent reports will examine quantitative information gathered for monitoring individual adjustment within communities. This would include take-up rates, analysis of individual and family income changes, and changes in part-time and multiple job holding behaviour, the impact of lower maximum weekly benefits, and job search activities.

Price Waterhouse was engaged to conduct focus group sessions in selected communities to provide a social context for both individual and community adjustment. Following an initial screening, fourteen communities across Canada were selected for analysis. These fourteen communities were selected not only to characterize the economic and geographic regions within which they are located, but also to allow researchers to compare and contrast, on the basis of qualitative and available

quantitative information, adjustments between and among communities based on rural/urban differences, seasonal/non-seasonal employment intensity, etc.

In light of the longer-term monitoring and assessment commitment and the fact that EI was only one factor among many others that shaped the "health" of a community, the consultant was also asked to assess the feasibility of developing community-based economic and social "well-being" indices. Although the initial results were promising and supported the notion that such measures were both meaningful and feasible, the lack of timely data limited their usefulness. A more fulsome analysis of these indices will be presented in the next report.

#### **IV. COVERAGE SURVEY**

As noted in Chapter 1, HRDC has commissioned Statistics Canada to conduct a coverage survey examining the percentage of unemployed in receipt of EI benefits or the B/U ratio. This survey is a key element of the commitment to monitor and assess the impacts of EI reform. The objectives of this survey are to: measure the extent to which the unemployed receive EI benefits; examine the reasons the unemployed do not receive benefits; identify the characteristics of unemployed Canadians who are not in receipt of EI benefits; monitor the impact of labour market trends and program changes on the EI coverage of the unemployed; and assess the degree to which EI beneficiaries and non-beneficiaries face financial hardship. These findings will then be used to assess the reasons for the dramatic decline in the ratio and in particular to identify areas which may have implications for the EI program, as well as for other programs and policies. The survey consists of quarterly telephone interviews with jobless individuals who were interviewed on the monthly Labour Force Survey (LFS). To ensure that asking the question "Are you in receipt of EI benefits?" will not prejudice their answers to other questions, a subset of the cohort of individuals exiting the monthly Labour Force Survey are being interviewed. The results of the first three surveys taken in January, April and July 1997 are now being analyzed. The results of at least two more planned interview rounds will be available in 1998.

#### **V. EVALUATION OF THE LABOUR MARKET DEVELOPMENT AGREEMENTS**

The Labour Market Development Agreements require that evaluations are carried out in partnership between the federal and provincial governments and cover both implementation issues and the assessment of impacts.

The federal and provincial governments, in entering into these agreements, have put in place bilateral processes and mechanisms to carry out these joint evaluations. Federal-provincial evaluation committees have been established to develop the evaluation requirements, to manage the work and to make recommendations to management regarding modifications to programs. The joint evaluation committees have agreed to



include a common set of issues and core indicators in each federal-provincial evaluation to ensure consistent information and to report on progress with respect to harmonization of programs and achievement of performance targets based on outcomes for individuals and communities. Quebec has agreed to carry out its own evaluation and to provide HRDC with a copy of its report.

Evaluations will be done in two phases. The first phase (called the formative or initial evaluation) will be carried out following the first full year of implementation and will examine the design, delivery and status of implementation of the LMDA in each province. As part of this evaluation, information will be available on client access and satisfaction with services including the provision of service in both official languages and to equity groups, program take-up, savings to EI and the early impacts of the benefits and measures provided to individuals. Evaluation will assess how the partnership is working between governments, community groups and employers.

The second phase, called the summative or concluding evaluation, will be carried out in the third year of implementation of the LMDA and will provide information on the incremental impacts of programs and services on individuals, communities and Canada. These evaluations will describe what worked and what didn't work for particular groups. The evaluation will also provide information on savings to EI, the changes in the level of employment and earnings, and the relationship between changes in the use of Social Assistance and Employment Insurance. Subsequent evaluations will be carried out every five years after the summative evaluation.

## **VI. EVALUATION OF PART I - INCOME BENEFITS**

Evaluation studies by external experts from 12 Canadian universities and from the private sector are in progress. These studies will determine the incremental impacts of EI income benefits and will examine the effects of EI on job displacement, the experience-rating of benefits, the impacts of the hours-based system on the distribution of hours of work and the nature of employment spells, the cross-subsidization between full-and part-time workers under EI, job separation behavioural changes, EI impacts on unemployment durations and benefits receipt, the impact of higher entrance requirements for new entrants and re-entrants, and the Family Income Supplement. Findings from these evaluations will supplement the COEP analysis. Taken together, these studies will provide the empirical foundations for the 1998 report.

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Table 1

Unemployment Rates by EI Region							
Province	EI Region	June 1996	Sept. 1996	Dec. 1996	Mar. 1997	June 1997	Sept. 1997
Newfoundland	St. John's Nfld/Labrador	14.4 23.4	14.4 20.9	14.9 22.2	13.5 23.3	14.3 23.0	13.7 21.6
P.E.I.	Prince Edward Island	14.4	14.0	15.4	16.0	15.7	14.0
Nova Scotia	Eastern Nova Scotia	22.2	24.5	26.2	25.7	23.5	18.3
	Central Nova Scotia	13.8	14.0	13.7	12.9	13.0	13.7
	Halifax	8.9	8.4	8.7	9.2	9.5	8.5
	Kings	14.2	13.2	11.6	11.7	12.6	12.2
	Yarmouth	11.3	12.9	12.8	12.8	13.5	12.5
New Brunswick	Fredericton-Moncton-St John	9.5	10.9	12.5	11.8	11.1	10.7
	Restigouche/Charlotte	12.8	12.6	13.6	15.4	16.2	14.1
Québec	Eastern Québec	13.8	15.9	17.8	19.7	18.3	18.2
	Québec	9.5	11.2	11.5	11.1	10.2	10.9
	Trois-Rivières	10.3	12.1	14.0	13.5	14.3	15.0
	Quebec Centre South	7.4	7.2	6.8	9.1	8.3	7.2
	Sherbrooke	11.2	10.9	11.2	11.0	11.2	12.5
	Montréal	9.3	10.0	10.2	9.6	10	9.1
	Montreal	11.5	12.8	12.7	11.4	11.4	11.1
	Central Québec	12.3	13.0	13.2	11.8	11.6	12.2
	Western Québec	13.1	14.9	15.6	17.5	15.4	15.5
	Northern Québec	15.5	18.2	18.0	17.2	17.2	18.5
	Hull	9.1	9.4	10.0	9.8	9.9	8.8
	Chicoutimi-Jonquière	14.7	14.6	15.8	15.4	12.5	12.5
Ontario	Ottawa	8.3	6.8	8.5	8.5	9	9.3
	Eastern Ontario	9.6	10.4	11.5	12.3	11.1	9.3
	North Central Ontario	10.6	10.6	11.0	11.4	11.9	9.9
	Oshawa	10.0	9.7	10.2	8.4	9.2	7.2
	Toronto	9.6	9.2	8.6	8.5	8	7.7
	Hamilton	7.8	6.8	7.3	7.5	6.6	6.3
	St. Catharines	9.4	8.7	9.0	10.5	10.6	10.0
	London	8.5	9.8	8.7	7.9	7.5	7.8
	Niagara	9.5	10.2	12.1	11.3	9.4	10.4
	Windsor	8.5	8.9	8.9	8.7	9.3	9.2
	Kitchener	7.9	8.3	8.9	7.8	7.4	7.3
	Huron	9.5	10.5	11.6	9.7	10.9	9.4
	South Central Ontario	6.1	6.9	7.3	7.8	7.1	7.0
	Sudbury	11.0	9.7	9.9	9.6	9.1	8.5
	Thunder Bay	9.6	9.3	9.9	9.5	9.3	8.7
	Northern Ontario	15.0	15.5	14.6	14.3	14.9	14.0

Table 1 (continued)

Unemployment Rates by EI Region							
Province	EI Region	June 1996	Sept. 1996	Dec. 1996	Mar. 1997	June 1997	Sept. 1997
Manitoba	Winnipeg	8.7	8.1	8.5	7.9	7.4	7.4
	Southern Manitoba	6.4	5.9	5.6	5.6	6.1	5.4
	Northern Manitoba	19.8	20.9	19.7	19.3	19.6	20.2
Saskatchewan	Regina	6.1	6.6	6.5	7.5	6.2	6.0
	Saskatoon	8.3	8.0	7.6	7.2	7.4	7.1
	Southern Saskatchewan	6.4	6.6	5.8	6.2	6.3	6.1
	Northern Saskatchewan	16.6	14.6	12.4	12.3	12.1	12.7
Alberta	Calgary	7.2	6.9	7.0	6.4	6.3	6.0
	Edmonton	9.1	8.5	8.3	7.9	6.9	6.6
	Alberta	7.2	7.3	6.6	7.1	6.4	6.5
British Columbia	Southern Interior BC	10.9	10.1	10.5	10.0	8.8	9.0
	Vancouver	7.4	8.1	9.0	8.0	9	8.7
	Victoria	9.0	9.2	8.9	7.7	8.4	8.1
	Southern Coastal BC	11.5	10.8	10.5	8.9	9.4	10.3
	Northern BC	9.6	11.0	10.2	10.7	9.9	10.3
Yukon/NWT	Yukon/NWT	25.0	25.0	25.0	25.0	25.0	25.0
Canada		10.0	10.0	9.7	9.3	9.1	9.0

Source: Labour Force Survey  
Note: Yukon/NWT Rate is set at 25% for EI purposes





Table 3

EBSM 1997/98 Primary Results Targets* by Province and Territory													
1997/98	Nfld.	N.S.	N.B.	P.E.I.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	NWT	Yukon	Total
# of EI Claimants to be served or claimants as % of clientele	16,500	12,500	65%	4,400	69,000	81,000	65 %	6,100	65%	65%	1,100	660	280,000
# EI Clients Returned to Employment	4,400	6,100	8,000	1,800	52,700	51,500	5,100	4,300	14,500	25,000	340	278	174,000
Reduction in Part I Benefits	\$15M	\$26.6M	\$25.9M	\$7.8M	\$174M	\$235M	\$36.3M	\$20M	\$99.8M	\$117.4M	\$3.3M	\$2.0M	\$763M

\*Targets are rounded

Table 4

Number of New EI Claims by Gender and Age (000's)														
	Men		Women		Under 25		25-44		45-54		55 +		Total	
	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half
1992	626	855	528	638	206	234	695	907	155	220	97	131	1,153	1,492
1993	542	749	508	555	162	193	638	792	157	205	93	116	1,050	1,305
1994	476	661	469	497	140	165	576	706	148	187	82	100	946	1,157
1995	475	692	436	533	135	170	557	741	143	207	77	106	912	1,225
1996	463	607	445	469	127	140	553	651	151	190	76	96	908	1,076
1997	377	N/A	363	N/A	100	N/A	455	N/A	123	N/A	61	N/A	739	N/A

Source: EI Administrative Data, EI Status Vector  
 Note: Figures represent the number of new claims initiated in each period except for insured participants defined under Section 58(1) in Part II of the EI Act.

Table 5

Number of New Claims by Region (000's)												
	Atlantic		Quebec		Ontario		Prairies		B.C.		Total	
	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half
1992	137	240	329	459	390	415	157	200	140	178	1,153	1,492
1993	132	225	306	409	338	348	144	168	131	155	1,050	1,305
1994	124	195	286	373	288	304	131	143	117	141	946	1,157
1995	119	200	275	392	280	323	125	158	113	152	912	1,225
1996	114	187	280	345	281	284	120	129	114	131	908	1,076
1997	98	N/A	227	N/A	222	N/A	95	N/A	97	N/A	739	N/A
Source: EI Administrative Data, EI Status Vector Note: Figures represent the number of new claims initiated in each period except for insured participants defined under Section 58(1) in Part II of the EI Act.												





Table 7

Average EI Entitlement Weeks by Region												
	Atlantic		Quebec		Ontario		Prairies		B.C.		Total	
	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half
1992	45	44	46	45	43	45	42	42	43	43	44	44
1993	45	44	46	45	44	44	43	42	43	42	45	44
1994	42	35	41	35	40	32	39	31	39	32	41	33
1995	36	34	36	34	32	32	31	30	33	32	34	33
1996	36	34	35	35	33	33	32	30	33	32	34	33
1997	37	N/A	36	N/A	34	N/A	31	N/A	33	N/A	35	N/A

Source: EI Administrative Data, EI Status Vector

Note: Figures represent the average number of weeks claimants are eligible to receive EI benefits, for those claimants who received at least one dollar of regular benefits.

Table 8

Average EI Entitlement Weeks by Gender and Age (Weeks)														
	Men		Women		Under 25		25-44		45-54		55 +		Total	
	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half
1992	43	44	44	45	43	44	44	44	44	44	44	44	44	44
1993	44	43	45	44	44	43	45	44	45	44	45	43	45	44
1994	41	33	40	35	40	32	41	34	41	34	41	33	41	33
1995	34	32	35	34	33	31	34	33	34	33	34	32	34	33
1996	34	33	35	34	33	33	34	33	34	33	34	33	34	33
1997	34	N/A	35	N/A	34	N/A	35	N/A	35	N/A	34	N/A	35	N/A

Source: EI Administrative Data, EI Status Vector

Note: Figures represent the average number of weeks claimants are eligible to receive EI benefits, for those claimants who received at least one dollar of regular benefits.

Table 9

Average Weekly Benefit To Which New Claimants Are Entitled By Gender and Age (Dollars per week)														
	Men		Women		Under 25		25-44		45-54		55 +		Total	
	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half
1992	305	317	226	237	211	226	280	293	284	297	284	293	269	283
1993	309	312	231	233	209	219	281	287	287	295	283	287	271	278
1994	306	308	231	234	205	217	279	285	285	291	280	282	269	276
1995	303	315	232	239	206	219	279	291	283	297	279	289	269	282
1996	305	307	234	235	207	216	281	284	284	289	276	281	270	275
1997	302	N/A	235	N/A	209	N/A	279	N/A	280	N/A	275	N/A	270	N/A

Source: EI Administrative Data, EI Status Vector

Note: Figures represent the average weekly benefit amount established at the start of a claim.

Table 10A

Average Weekly Benefit To Which New Claimants Are Entitled by Region (Dollars per week)												
	Atlantic		Quebec		Ontario		Prairies		B.C.		Total	
	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half
1992	240	272	259	280	285	292	265	274	279	292	269	283
1993	244	267	264	274	285	288	267	270	284	292	271	278
1994	243	269	260	271	282	286	267	266	286	288	269	276
1995	244	274	256	275	283	293	271	273	289	298	269	282
1996	249	265	261	269	281	288	266	266	294	291	270	275
1997	247	N/A	258	N/A	281	N/A	269	N/A	294	N/A	270	N/A

Source: EI Administrative Data, EI Status Vector

Note: Figures represent the average benefit amount established at the start of a claim.

Table 10B

Average Weekly Benefits Paid to All Claimants (Dollars per week)												
	Atlantic		Quebec		Ontario		Prairies		B.C.		Total	
	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half	1 <sup>st</sup> half	2 <sup>nd</sup> half
1992	244	236	247	246	267	266	249	246	259	257	254	252
1993	251	239	255	248	274	267	255	246	269	261	261	253
1994	248	237	251	244	271	263	255	247	270	262	258	250
1995	254	241	254	244	272	266	257	251	271	266	261	253
1996	258	243	255	244	274	264	260	248	276	267	264	253
1997	252	N/A	246	N/A	270	N/A	252	N/A	270	N/A	257	N/A

Source: EI Administrative Data, EI Status Vector

Note: Figures represent the average benefit paid to claimants.

Table 11

Claims With Insured Weeks Two Weeks Above Minimum Entrance Requirement (Percent)								
	Total	Men	Women	Atlantic	Quebec	Ontario	Prairies	B.C.
1995-I	2.3%	2.6%	2.1%	5.2%	2.5%	1.6%	2.2%	2.0%
1995-II	3.3%	4.0%	2.4%	6.7%	3.6%	2.0%	2.2%	2.9%
1996-I	1.9%	2.6%	1.2%	4.9%	1.8%	1.4%	1.2%	1.9%
1996-II	4.9%	6.0%	3.5%	14.8%	4.5%	2.4%	2.5%	3.0%
1997-I	1.5%	1.9%	1.1%	3.4%	1.3%	1.1%	1.7%	0.9%

Source: EI Administrative Data, EI Status Vector

Table 12

Claims With Insured Weeks Exactly at Minimum Entrance Requirement (Percent)								
	Total	Men	Women	Atlantic	Quebec	Ontario	Prairies	B.C.
1995-I	3.2%	3.8%	2.6%	10.9%	2.7%	1.6%	1.7%	2.8%
1995-II	4.9%	5.8%	3.7%	17.4%	4.0%	1.6%	1.6%	2.6%
1996-I	2.1%	2.5%	1.7%	6.0%	2.1%	1.2%	1.4%	1.5%
1996-II	2.8%	3.1%	2.4%	7.1%	2.9%	0.9%	2.2%	1.8%
1997-I	0.9%	1.2%	0.6%	1.7%	1.0%	0.7%	0.6%	0.5%

Source: EI Administrative Data



Table 13

TOTAL INCOME BENEFITS BY INDUSTRY JULY 1995-JUNE 1996 AND JULY 1996-JUNE 1997			
Industry	July 1995 - June 1996	July 1996 - June 1997	% Change
	\$M	\$M	
Agriculture	279	253	-9.3
Fish Harvesting (self-employed)	225	193	-14.5
Logging and Forestry	422	388	-7.8
Mining	200	159	-20.5
Manufacturing	2,254	1,917	-14.9
Construction	2,109	1,775	-15.8
Transportation	491	439	-10.5
Communication	237	218	-7.9
Wholesale Trade	610	540	-11.4
Retail Trade	1,032	874	-15.3
Finance and Insurance	300	275	-8.3
Real Estate	156	132	-15.6
Business Services	760	692	-9.0
Government Services	828	683	-17.5
Education	663	622	-6.2
Health & Social Services	842	759	-10.0
Accomm. Food & Bev.	602	552	-8.2
Other services	816	719	-11.9
Unclassified	169	313	84.7
All Industries	12,997	11,504	-11.5
Source: EI Administrative Data			
Notes: - New firms which started in 1997 are as yet unclassified.			
- Includes Part I income benefits for Part II participants, special benefits, and fishing benefits.			

Table 14A

TOTAL INCOME BENEFITS <sup>1</sup> BY PROVINCE, GENDER, AND AGE July 1995 to June 1996 and July 1996 to June 1997			
Province	July 1995 - June 1996	July 1996 - June 1997	% Change
	\$M	\$M	
<b>Province</b>			
Newfoundland	651	635	-2.5
Prince Edward Island	165	162	-1.5
Nova Scotia	613	564	-8.1
New Brunswick	693	619	-10.7
Québec	4,146	3,654	-11.9
Ontario	3,573	3,213	-10.1
Manitoba	345	301	-12.7
Saskatchewan	266	220	-17.5
Alberta/NWT	955	723	-24.3
British Columbia/Yukon	1,590	1,413	-11.1
<b>Gender</b>			
Men	7,788	6,738	-13.5
Women	5,209	4,765	-8.5
<b>Age</b>			
Under 25	1,412	1,178	-16.6
25 to 44	8,228	7,226	-12.2
45 to 54	2,193	2,038	-7.1
55 and over	1,163	1,063	-8.6
<b>Total</b>	<b>12,997</b>	<b>11,504</b>	<b>-11.5</b>
Source: EI Administrative Data			

1. Includes the following benefit types; regular; special (maternity, parental, sickness); fishing; work sharing; and income support for claimants in training, job creation, and self-employment assistance.

Table 14B

<b>REGULAR INCOME BENEFITS</b> <b>(excluding Part I benefits paid to Part II participants)</b> <b>BY PROVINCE, GENDER, AND AGE</b> <b>July 1995 to June 1996 and July 1996 to June 1997</b>			
<b>Province</b>	<b>July 1995 - June 1996</b>	<b>July 1996 - June 1997</b>	<b>% Change</b>
	<b>\$M</b>	<b>\$M</b>	
<b>Province</b>			
Newfoundland	500	501	0.2
Prince Edward Island	120	128	7.1
Nova Scotia	456	431	-5.5
New Brunswick	555	524	-5.7
Québec	3,342	3,025	-9.5
Ontario	2,538	2,388	-5.9
Manitoba	240	216	-9.8
Saskatchewan	196	166	-15.5
Alberta/NWT	709	551	-22.3
British Columbia/Yukon	1,193	1,094	-8.3
<b>Gender</b>			
Men	6,519	5,960	-8.6
Women	3,329	3,063	-8.0
<b>Age</b>			
Under 25	1,016	900	-11.4
25 to 44	5,898	5,378	-8.8
45 to 54	1,905	1,794	-5.8
55 and over	1,029	951	-7.6
<b>Total</b>	<b>9,848</b>	<b>9,024</b>	<b>-8.4</b>
Source: EI Administrative Data			

Table 15

EBSM and UIDU											
New Start Participants by Province/Territory											
July 1, 1996 to June 30, 1997 and July 1, 1995 to June 30, 1996											
	Nfld	N.S.	N.B.	P.E.I.	Que.	Ont.	Man.	Sask.	Alta/ N.W.T.	B.C./ Yukon	Canada
July 1, '96 to June 30, '97 Active and Former Claimants											
Targeted Wage Subsidies	560	950	730	445	2,335	5,501	378	180	388	985	12,452
Self-Employment	434	835	472	179	3,477	3,968	481	359	937	1,954	13,096
Job Creation Partnerships	2,079	1,081	1,559	307	5,470	2,631	1,095	170	396	2,642	17,430
Enhanced Fee-payers	3,269	1,817	5,215	1,243	12,464	7,464	2,036	578	3,345	41,877	41,877
Training Purchases	4,080	5,123	2,373	1,485	14,434	32,483	2,773	2,860	11,102	12,615	89,328
Project Based Training	332	200	235	409	4,186	4,714	2,490	706	648	2,389	16,309
Employment Assistance	911	6,760	2,628	953	32,189	20,952	5,811	264	17,752	24,372	112,592
Other EBSM Activities	144	183	537	27	128	211	6	25	56	53	1,370
Total	11,809	16,949	13,749	5,048	74,683	77,924	15,070	5,142	34,624	49,456	304,454
July 1, '95 to June 30, '96 UIDU Participants											
Self-Employment	320	436	502	97	3,462	2,732	324	288	641	1,486	10,288
Job Creation	1,958	4,054	2,098	732	8,265	5,249	1,316	451	1,101	1,359	26,583
Fee-payers	2,620	2,519	1,617	827	15,344	12,625	1,549	901	4,069	4,245	46,316
Training Purchases	4,324	4,077	7,456	1,449	14,693	32,806	2,603	2,863	13,775	14,544	98,590
Project Based Training	329	377	610	268	6,240	3,578	2,334	1,006	1,098	1,918	13,191
Employment Assistance	450	440	410	258	12,007	6,590	515	77	3,336	8,314	31,609
Total	10,001	11,903	12,693	3,631	60,011	63,580	8,641	5,586	24,020	31,866	231,932

Source: Human Resource Investment client data and the Benefits and Overpayment System.



Table 16

EBSM Expenditures (\$000) by Interventions for Individual Adjustment July 1, 1996 to June 30, 1997											
	Nfld	N.S.	N.B.	P.E.I.	Que.	Ont.	Man.	Sask.	Alta/ N.W.T.	B.C./ Yukon	Canada
<b>EBSM - Part I<sup>1</sup></b>											
Targeted Wage Subsidies	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Self-Employment	747	1,780	1,511	297	9,315	10,828	1,150	936	3,051	4,787	34,402
Job Creation Partnerships	1,711	1,511	2,112	440	9,057	4,626	1,416	384	821	3,145	25,223
Skills Loans and Grants/ Enhanced Fee-payers	7,448	4,252	11,614	5,109	33,998	20,990	3,940	1,669	9,686	12,367	111,073
Training Purchases	7,271	7,704	2,298	2,052	31,596	65,762	4,750	6,145	25,087	21,751	174,416
Project Based Training	461	140	96	356	6,404	8,254	4,405	1,044	1,486	6,068	28,714
Employment Assistance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other EBSM Activities	528	318	47	113	443	1,048	84	58	171	503	3,444
<b>Total EBSM Part I</b>	<b>18,166</b>	<b>15,705</b>	<b>17,678</b>	<b>8,367</b>	<b>90,813</b>	<b>111,508</b>	<b>15,745</b>	<b>10,236</b>	<b>40,302</b>	<b>48,621</b>	<b>377,272</b>
<b>EBSM - Part II<sup>2</sup></b>											
Targeted Wage Subsidies	1,901	1,245	1,306	422	4,564	10,796	622	338	1,014	2,357	24,565
Self-Employment	1,254	2,727	1,320	613	10,986	17,151	1,531	1,787	3,869	9,662	50,900
Job Creation Partnerships	7,830	4,753	4,290	616	23,206	14,621	4,225	510	1,062	20,538	81,651
Skills Loans and Grants/ Enhanced Fee-payers	5,507	2,689	7,182	1,123	25,709	8,215	3,123	763	3,610	4,722	62,643
Training Purchases	17,661	21,565	8,601	4,562	71,657	152,858	9,789	16,414	17,291	36,155	356,553
- Project Based Training	1,130	708	2,025	1,231	21,817	29,734	13,090	3,840	3,800	19,834	97,209
Employment Assistance	5,657	6,714	3,386	649	29,565	44,579	4,419	305	7,721	27,067	130,062
Other EBSM Activities	593	357	334	39	286	286	13	103	1,792	1,049	5,362
<b>Total EBSM Part II</b>	<b>41,533</b>	<b>40,758</b>	<b>28,444</b>	<b>9,255</b>	<b>188,300</b>	<b>278,240</b>	<b>36,812</b>	<b>24,060</b>	<b>40,159</b>	<b>121,384</b>	<b>808,945</b>
<b>Grand Total</b>	<b>59,699</b>	<b>56,463</b>	<b>46,122</b>	<b>17,622</b>	<b>279,113</b>	<b>389,748</b>	<b>52,557</b>	<b>34,296</b>	<b>80,461</b>	<b>170,005</b>	<b>1,186,217</b>

1. Part I income benefits paid to claimants while participating in Part II Employment Benefits and Support Measures.
2. Part II provides support for clients to participate in Employment Benefits and Support Measures.

Source: Financial Information System

Table 17

**UIDU Expenditures (\$000) by Interventions for Individual Adjustment  
Employment Programs  
July 1, 1995 to June 30, 1996  
Regional Level**

Employment Programs (Summary)	Nfld	N.S.	N.B.	P.E.I.	Que.	Ont.	Man.	Sask.	Alta/ N.W.T.	B.C./ Yukon	Canada
Self-Employment	4,760	9,368	6,738	1,606	58,636	48,227	6,082	5,217	14,971	27,544	183,149
Job Creation Partnerships	5,686	6,296	11,234	1,999	48,698	32,060	5,677	2,154	6,167	7,637	127,608
Feepayers	17,469	7,375	18,530	4,060	115,706	76,361	9,646	5,836	21,098	23,954	300,035
Training Purchases	51,434	42,048	54,633	8,321	205,672	262,143	16,251	21,801	66,658	86,401	815,362
Project Based Training	3,729	3,722	6,125	1,711	62,356	43,129	22,314	6,797	13,451	30,437	193,771
Employment Assistance	1,135	1,088	1,059	1,225	23,054	22,134	2,093	374	8,803	16,525	77,490
<b>Total - Employment Programs</b>	<b>84,213</b>	<b>69,897</b>	<b>98,319</b>	<b>18,922</b>	<b>514,122</b>	<b>484,054</b>	<b>62,063</b>	<b>42,179</b>	<b>131,148</b>	<b>192,498</b>	<b>1,697,415</b>

Source: Financial Information System

Table 18

EBSM and UIDU - Average Cost per Participant by Program and Province/Territory July 1, 1996 to June 30, 1997 and July 1, 1995 and June 30, 1996											
	Nfld	N.S.	N.B.	P.E.I.	Que.	Ont.	Man.	Sask.	Alta/ N.W.T.	B.C./ Yukon	Canada
July 1, 1996 to June 30, 1997 EBSM - Part II <sup>1</sup> Targeted Wage Subsidies Self-Employment Job Creation Partnerships Enhanced Fee-payers Training Purchases Project Based Training Employment Assistance	3,395	1,311	1,789	948	1,955	1,963	1,646	1,878	2,613	2,393	1,973
	2,889	3,266	2,797	3,425	3,160	4,322	3,183	4,978	4,129	4,945	3,887
	3,766	4,397	2,752	2,007	4,242	5,557	3,858	3,000	2,682	7,774	4,685
	1,685	1,480	1,377	903	2,063	1,101	1,534	1,320	1,079	1,062	1,496
	4,329	4,209	3,625	3,072	4,964	4,706	3,530	5,739	1,557	2,866	3,992
	3,404	3,540	8,617	3,010	5,212	6,308	5,257	5,439	5,864	8,302	5,960
	6,210	993	1,288	681	918	2,128	760	1,155	435	1,111	1,155
Total Part II	3,517	2,405	2,069	1,833	2,521	3,571	2,443	4,679	1,160	2,454	2,657
EBSM - Part I and II <sup>2</sup> Targeted Wage Subsidies Self-Employment Job Creation Partnerships Enhanced Fee-payers Training Purchases Project Based Training Employment Assistance	3,395	1,311	1,789	948	1,955	1,963	1,646	1,878	2,613	2,393	1,973
	4,611	5,398	5,998	5,084	5,839	7,051	5,574	7,585	7,385	7,395	6,514
	4,589	5,795	4,106	3,440	5,898	7,315	5,152	5,259	4,755	8,964	6,132
	3,963	3,280	3,604	5,014	4,790	3,913	3,469	4,208	3,975	3,844	4,148
	6,111	5,713	4,593	4,454	7,153	6,730	5,243	7,888	3,817	4,590	5,944
	4,792	4,240	9,026	3,880	6,742	8,059	7,026	6,918	8,157	10,842	7,721
	6,210	993	1,288	681	918	2,128	760	1,155	435	1,111	1,155
Total Part I and II	5,055	3,331	3,355	3,491	3,737	5,002	3,488	6,670	2,324	3,438	3,896
July 1, 1995 to June 30, 1996 Self-Employment Job Creation Fee-payers Training Purchases Project Based Training Employment Assistance Total	14,875	21,486	13,422	16,557	16,937	17,653	18,772	18,115	23,356	18,536	17,802
	2,904	1,553	5,355	2,731	5,892	6,108	4,314	4,776	5,601	5,620	4,800
	6,668	2,928	11,459	4,909	7,541	6,048	6,227	6,477	5,185	5,643	6,478
	11,896	10,314	7,328	5,741	13,998	7,991	6,244	7,613	4,839	5,941	8,927
	11,320	9,864	10,041	6,396	9,993	12,055	9,559	6,760	12,255	15,870	14,690
	2,522	2,473	2,583	4,748	1,920	3,359	4,064	4,857	2,639	1,988	2,452
	8,420	5,872	7,746	5,211	8,567	7,613	7,182	7,551	5,460	6,041	7,319

1. Part II provides support for clients to participate in Employment Benefits and Support Measures.

2. Also includes Part I income benefits paid to claimants while participating in Part II Employment Benefits and Support Measures.

Source: Financial Information System, Human Resource Investment client data, and Benefits and Overpayment System.

Table 19

TRANSITIONAL JOBS FUND (TJF)- STATUS REPORT AS OF DECEMBER 1997

<i>Region</i>	<i>Number of Approved Projects</i>	<i>Total TJF Funds Approved</i>	<i>Total Funds Contributed By Other Sources</i>		<i>Projected Direct Sustainable Jobs Created</i>
Newfoundland	92	\$ 28,538,714	\$ 88,864,875	76%	2,153
Prince Edward Island	14	\$ 5,156,925	\$49,952,759	91%	408
Nova Scotia	48	\$ 14,130,076	\$ 47,930,579	77%	1,131
New Brunswick	28	\$ 13,610,138	\$58,499,852	81%	1,206
Quebec	218	\$ 86,010,964	\$ 1,036,179,853	92%	15,671
Ontario	37	\$ 11,481,441	\$ 48,432,525	81%	1,407
Manitoba	14	\$ 2,809,002	\$ 5,183,702	65%	309
Saskatchewan	19	\$ 2,598,533	\$ 10,045,526	79%	249
Alberta	4	\$ 3,376,498	\$ 10,357,702	75%	259
British Columbia	20	\$ 9,190,349	\$ 29,269,728	76%	757
Northwest Territories	4	\$ 706,762	\$ 2,676,175	79%	96
Yukon Territory	1	\$ 900,000	\$ 17,400,000	95%	360
<b>Total</b>	499	\$ 178,509,402	\$ 1,404,793,276	89%	24,006

Source: TJF Data Base



Table 20  
The Fourteen Communities - An Overview

Community	Demographic Factors			Economic Characteristics		
	Avg. Age in 1993  (years)	Males  (%)	Married or Equivalent  (%)	Avg Number of Employers per Person in the Base Population in 1994-95 (Number)	Occupations with Highest Concentrations of Workers*  (Occupational Classification)	Community Economic Diversity Assessment
Clareville, Nfld	38.9	59	64	2.3	Trades/Transp/Equip	Low
PEI	38.9	53	56	2.8	Trades/Trans/Equip	Medium
Truro, NS	38.8	57	56	2.3	Trades/Transp/Equip	Medium
Miramichi, NB	38.6	59	56	2.4	Trades/Transp/Equip	Low
Repentigny, Que	39.2	54	58	2.4	Trades/Transp/Equip	High
Montreal Centre East, Que	39.0	52	36	2.7	Sales/Service	High
Toronto Centre, Ont	39.3	40	40	2.4	Business/Fin/Admin	High
Hamilton Mountain, Ont	39.3	46	61	2.4	Sales/Service Trades/Transp/Equip Business/Fin/Admin	High
St. Boniface, Man	37.8	46	54	2.5	Business/Fin/Admin Sales/Service Trades/Transp/Equip	High
Prince Albert, Sask	38.5	47	54	2.7	Trades/Transp/Equip	Low
Calgary, Alta	36.8	50	35	3.1	Sales/Service Business/Fin/Admin Trades/Transp/Equip	High
Kelowna, BC	38.4	48	50	2.8	Trades/Transp/Equip Sales/Service	High
Surrey, BC	38.2	50	57	2.7	Trades/Transp/Equip Sales/Service Business/Fin/Admin	High
Yellowknife, NWT	35.0	47	50	3.4	Trades/Transp/Equip Business/Fin/Admin	High

Base Population: Persons who resided in one of the fourteen communities between July 1, 1995 and July 1, 1997, filed a tax return in 1993, and had a UI/EI claim sometime over the period 1994 to 1997.

\*Occupations were arranged in the order of importance; those with highest concentrations are presented first.

Source: Revenue Canada tax files and EI administrative data.

Table 20 (continued)

The Fourteen Communities - An Overview

	Income Support Characteristics					
	Avg Annual Income per Person in the Base Population in 1993-95	Avg SA* Benefits per SA Recipient in the Base Population per Year in 1993 to 1995	Proportion in the Base Population Receiving SA Benefits Sometime in 1993 to 1995	Avg. UI/EI Benefit Weeks per Person in the Base Population per Year in 1994 to 1996	Proportion in Base Population who Exhausted a UI/EI Claim Sometime in 1994 to 1996	Seasonality Effects
	(\$)	(\$)	(%)	(weeks)	(%)	
Clarendville, Nfld	19,549	1,417	10	20.1	45	Yes
PEI	18,466	2,301	13	19.5	41	Yes
Truro, NS	17,982	2,105	11	14.1	34	Yes
Miramichi, NB	18,377	1,902	14	19.4	45	Yes
Repentigny, Que	21,196	2,006	12	13.4	27	Yes
Montreal Centre East, Que	20,060	2,248	20	12.4	27	No
Toronto Centre, Ont	25,926	2,809	16	9.3	21	No
Hamilton Mountain, Ont	24,684	3,074	15	9.6	24	No
St. Boniface, Man	21,330	2,217	11	10.0	22	No
Prince Albert, Sask	17,939	2,170	15	13.2	28	Yes
Calgary, Alta	21,134	1,626	17	9.8	28	No
Kelowna, BC	21,972	1,962	20	10.9	27	Yes
Surrey, BC	22,053	2,049	18	10.2	32	Some
Yellowknife, NWT	25,784	2,243	23	10.4	16	No

Base Population: Persons who resided in one of the fourteen communities between July 1, 1995 and July 1, 1997, filed a tax return in 1993, and had a UI/EI claim sometime over the period 1994 to 1997.

\* Social Assistance

Table 21

Average Weeks Worked Prior to Filing a UI/EI Claim						
Communities	1991	1992	1993	1994	1995	1996
Clareville-NFLD	20.9	20.4	20.3	24.0	24.3	26.2
Truro-NS	31.4	30.0	29.3	30.0	30.8	32.2
Miramichi-N.B.	21.7	20.9	21.0	23.8	25.1	26.7
P.E.I.	23.6	22.3	21.7	23.1	23.6	24.9
Montreal Centre East	36.2	35.5	34.7	35.5	36.3	36.6
Repentigny-Que.	32.9	32.5	32.1	32.4	33.4	33.9
Toronto Centre	39.6	38.5	38.1	38.9	39.8	41.3
Hamilton-Mountain	39.2	38.5	37.6	38.7	38.6	39.8
St. Boniface-Manitoba	38.1	36.5	37.1	37.2	38.5	39.2
Prince Albert-Sask.	32.2	31.6	30.9	32.9	32.9	33.0
Calgary-Alberta	38.7	38.3	37.8	38.4	38.5	39.3
Surry-B.C.	35.8	36.5	34.8	34.4	35.6	36.3
Kelowna-B.C.	35.3	35.9	35.3	34.9	34.6	35.7
Yellowknife-NWT	35.0	35.3	33.6	33.7	33.9	35.1
<b>Total</b>	<b>34.5</b>	<b>33.9</b>	<b>33.3</b>	<b>34.0</b>	<b>34.5</b>	<b>35.3</b>

Source: EI Administrative Data

Table 22

Percent <sup>1</sup> Share of Claims with Insured Weeks Exactly at the Minimum (per cent)						
Communities	1991	1992	1993	1994	1995	1996
Clareville-NFLD	26.4	26.2	28.3	20.7	21.2	10.1
Truro-NS	3.9	6.2	6.7	5.3	5.7	3.1
Miramichi-N.B.	27.7	29.9	30.8	20.8	18.4	9.8
P.E.I.	17.9	22.8	26.0	20.2	18.1	9.4
Montreal Centre East	1.8	1.9	2.1	2.0	2.0	2.3
Repentigny-Que.	2.1	2.6	2.2	2.7	2.8	2.1
Toronto Centre	0.8	0.9	1.0	0.8	1.0	0.8
Hamilton-Mountain	1.2	1.6	1.5	1.7	2.5	1.6
St. Boniface-Manitoba	1.8	1.3	1.5	1.6	1.6	1.5
Prince Albert-Sask.	1.5	1.5	1.7	1.8	1.8	1.7
Calgary-Alberta	1.1	1.5	1.3	1.4	1.5	1.6
Surry-B.C.	3.4	2.3	3.0	4.1	3.3	3.2
Kelowna-B.C.	1.9	1.9	2.7	4.6	3.0	2.1
Yellowknife-NWT	1.3	1.3	1.9	1.4	2.8	2.9
<b>Total</b>	<b>4.6</b>	<b>4.8</b>	<b>5.3</b>	<b>4.7</b>	<b>4.4</b>	<b>3.2</b>

Source: *El Status Vector*  
1- The percent values are calculated by dividing the number of people in the category by the total.



Table 23

Percent <sup>1</sup> Share of Claims with Insured Weeks equal to Two weeks Above the Minimum (per cent)				
Communities	1995-1 <sup>st</sup> half	1995-2 <sup>nd</sup> half	1996-1 <sup>st</sup> half	1996-2 <sup>nd</sup> half
Clarenceville-NFLD	4.4	4.8	2.6	17.1
Truro-NS	3.5	3.7	2.0	2.6
Miramichi-N.B.	3.0	5.1	3.3	8.2
P.E.I.	3.9	6.8	3.8	13.0
Montreal Centre East	1.5	1.5	1.4	1.7
Repentigny-Que.	2.0	2.4	1.6	2.7
Toronto Centre	0.9	1.1	0.8	0.7
Hamilton-Mountain	3.4	1.9	2.5	1.8
St. Boniface-Manitoba	0.8	2.4	0.8	1.5
Prince Albert-Sask.	2.3	1.6	0.9	1.8
Calgary-Alberta	2.1	2.0	1.8	1.5
Surry-B.C.	1.9	2.3	2.0	4.4
Kelowna-B.C.	2.1	3.1	1.8	3.7
Yellowknife-NWT	1.0	1.5	2.1	2.2
<b>Total</b>	<b>2.2</b>	<b>2.6</b>	<b>1.8</b>	<b>3.8</b>
<p>Source: EI Status Vector</p> <p>1- The percent values are calculated by dividing the number of people in the category by the total.</p>				

Table 24

EBSM Employment Results by Province/Territory July 1, 1996 to June 30, 1997											
	Nfld	N.S.	N.B.	P.E.I.	Que.	Ont.	Man.	Sask.	Alta/ N.W.T.	B.C./ Yukon	Canada
Employment Results <sup>1</sup> July 1, 1996 to June 30, 1997	2,917	3,956	4,007	1,052	23,823	26,407	5,728	4,066	13,406	12,371	97,733
Unpaid Benefits (\$000) <sup>2</sup> July 1, 1996 to June 30, 1997	11,810	15,697	14,672	3,532	72,552	140,086	25,626	19,377	87,988	73,654	464,994

1. Claimants are defined as employed if they received less than 25% of their benefit entitlement for 12 consecutive weeks or for the remaining weeks of their benefit entitlement period. Claimants who exhaust their benefit entitlement or who were former claimants are contacted at the end of their intervention and/or 12 weeks following the end of their intervention to determine whether they are employed.
2. Unpaid benefits are measured as the difference between the maximum entitlement to income benefits and the actual pay out in income benefits.

## **Annex C: Implementation of Reform**

This annex focuses primarily on implementation issues related to new Employment Benefits and Support Measures, indicating changes that have been made to respond to these issues and suggesting areas for further modification. This section draws upon an initial, formative evaluation of the Employment Benefits and Support Measures, as well as focus groups conducted in 14 communities across Canada and operational data related to quality of service targets. The first two information sources were described in Annex A.

Implementation issues surrounding local flexibility and delivery by community-based organisations, quality of service, communication, client selection, and monitoring results are examined. The discussion of these issues must be viewed in the following context: a major structural reform of the EI program was undertaken at the same time as a substantial down-sizing exercise was underway within HRDC; there was a major philosophical shift towards focussing on results and local flexibility; and new partnerships were being negotiated with the provinces and territories.

### **I. LOCAL FLEXIBILITY AND DELIVERY BY COMMUNITY-BASED ORGANISATIONS**

A key element of EI reform of Employment Benefits and Support Measures is local level flexibility to tailor benefits and services to local needs, responding to the circumstances of specific clients, communities and regions. Local level delivery has been facilitated by giving Human Resource Centres of Canada (HRCCs) autonomy in implementing the benefits and services and by enabling greater use of community-based organisations. The underpinning of this flexibility is the results-based accountability framework which ensures that this delivery mechanism remains accountable for the outcomes achieved.

Interviews reveal that the local level flexibility was well received by both clients and HRCC staff, and was seen as improving service to clients and communities. Local level flexibility entails a cultural shift away from centralized rules and regulations dictating services provided, towards the needs and circumstances of clients at the local level guiding services provided. At the same time, local level flexibility poses challenges in finding a balance between responsiveness to client needs and possible inconsistencies in the quality of service delivery. As with any process of organisational cultural change, some HRCC employees had difficulty adapting to the increased flexibility and the lack of established rules. HRCC regional offices also had to adapt to their new roles and responsibilities in a decentralized responsibility structure.

In this implementation year, service delivery through community-based organisations became a valuable delivery mechanism. Particularly, case management and counselling services were delivered for the increasing number of clients requiring

Employment Assistance Services (EAS). Some services, such as negotiated financial arrangements, self-employment, and targeted wage subsidies require skill sets which can be delivered to clients more efficiently through community-based deliverers. Of the clients whose case management was administered through a community-based organisation, a high percentage had developed action plans, and were monitored throughout their intervention and after employment was found.

Although feedback surrounding delivery by community-based organisations from both clients and HRCC staff has been positive, focus groups have identified areas for improvement.

## **II. CLIENT CASE MANAGEMENT**

The new EI program emphasizes client case management, which aims to: a) ensure that all activities funded for clients are adapted to their needs and help them reach their employment goal; b) support clients by helping them gain access to any employment benefit or support measure that they may need to find employment; c) coordinate activities among service delivery partners who are offering clients employment supports; and, d) track the outcome and record client employment results according to the accountability framework.

Case management requires that a client create an action plan outlining a course of action to gain employment. A survey of clients indicated that the majority of those attending a counselling session had created an action plan and that they found an action plan to be an important element in helping them to return to work.

## **III. QUALITY OF SERVICES**

Client satisfaction with the service provided related primarily to two main factors: the quality of services provided and the ease of access to services and service deliverers. Focus groups indicated that, overall, clients were satisfied with services provided through either the HRCCs or community-based organisations; personal services, such as counselling, received high quality ratings. Perceived quality was even higher if the clients felt they had established a relationship or rapport with the staff member. Although the quality of service was perceived to be high, the focus groups indicated that a number of people experienced difficulty in accessing HRCC staff and services. A number of focus group participants expressed a desire that more services be provided in person. Focus group participants acknowledged that resources were limited, and felt that the HRCC staff are providing quality services under resource constraints. Early identification and appropriate action and training were seen as key to addressing these issues. As well, delivery of counselling services and case management through community-based organisations, was seen as an option to ensure that HRCC clients received the best possible service.



Those interviewed indicated that the overlap of HRDC, provincial and municipal programs was minimal. However, one area identified was the case of Social Assistance Recipients (SARs), given that provinces, and in some cases municipalities are now offering employment-oriented services and programs such as targeted wage subsidies and self-employment assistance.

A key concern during the implementation of EI was the maintenance of service targets for the delivery of EI cheques to individuals. The system changes required to implement the new rules which took effect on June 30, 1996, had no impact on service targets, with the target of the delivery of 90% of cheques within 28 days being met or exceeded in each month from July 1996 to December 1996. However, the more significant changes (e.g., the hours-based system) implemented on January 4, 1997, did result in this 90% target failing to be met for the period January to April 1997. Over this period, between 85% and 89% of cheques were delivered within 28 days. However, since May 1997, the 90% target has been met or exceeded, demonstrating the initial systems issues have been resolved.

#### **IV. COMMUNICATIONS**

In implementing the new EI system, HRDC conducted extensive communications initiatives. Communications were directed towards clients, employers, and community service providers.

Focus groups reported that service awareness has improved over time, although there are areas and groups of clients which may require further communications efforts. While there is a great deal of publicly available material on the program, some clients and potential clients still feel uninformed; in particular, employers and workers indicated that they were unaware of many of the new EI services. In response, many of the HRCCs held group information sessions, which have been received well by clients. Certain groups of clients, e.g., persons with lower levels of literacy, older clients, and those for whom English or French is a second language reported having difficulty understanding the available information.

The most common method of providing information to employers and community partners was through group information sessions which were well received by those who were able to attend. Those employers and partners with established relationships with HRCC staff were often informed about initiatives and impacts personally, either through a phone call or personal meeting, and felt well informed. Other organizations and employers, in particular smaller employers, felt that they were not well informed even though information was disseminated to them, and felt that they do not have the time to gather the information themselves.

## **V. CLIENT SELECTION**

Under EI, eligibility for Employment Benefits and Support Measures was expanded to include those who received income benefits in the last three years as well as those who received maternity or parental benefits within the past five years. The vast majority of HRCC staff, clients, and partners have indicated that the extension of benefits and services to these clients was a very positive initiative. At the same time, clients and community organizations stated that access to employment benefits for some groups such as youth, persons with disabilities, and immigrants are still limited even under the reach-back provisions, given their often more limited attachment to the labour force.

While the greater emphasis on results was welcomed by the HRCCs, the short horizon to achieve targets was seen as potentially resulting in the skewing of interventions towards those clients with a higher likelihood of success. This potential for “creaming” of clients was identified early in the process, resulting in the adjustment of communications at the HRCC level to emphasize the importance of a balanced approach; that is, stressing that short-term results should not be pursued to the detriment of assisting clients with interventions that would achieve medium and longer term results.

## **VI. MONITORING THE RESULTS**

The key aspect in the results-based accountability system is complete, timely and efficient data collection. While HRDC possesses a modern infrastructure for such monitoring, during the implementation phase inaccurate and infrequent data entry was reported. A further issue identified was the need to ensure community-based deliverers are monitoring and reporting on clients served. More recently, data entry has been improving as initial implementation issues have been addressed.

## **VII. CONCLUSION**

This Annex describes issues that have arisen in the first year of implementation of a comprehensive and complex reform. Despite these implementation issues, quality services have continued to be delivered. The issues identified will continue to be monitored and modifications will continue to be made.

## **Annex D - New Hires Program**

This two-year program provides transitional premium relief to small firms who face an increase in EI premiums. Eligible firms include those who hired new employees and those with part-time employees who could be paying EI premiums for the first time as a result of moving to first dollar coverage.

The New Hires Program provides EI premium relief for small businesses in 1997 and 1998. Under the program, small businesses with employer premiums up to \$60,000 in 1996 will be eligible to receive up to \$10,000 in premium relief annually. Depending on wage rates and the proportion of part-time employees, firms with up to 100 employees could be eligible for a premium refund.

In 1997, firms can receive a 100 per cent premium refund on any increase in premiums above \$250 compared to what they paid in 1996. In 1998, they can receive a refund of 25 per cent of any increase above \$250 compared to what they paid in 1996.

For firms whose EI premiums are between \$50,000 and \$60,000 in 1996, the maximum refund will be phased down on a dollar-for-dollar basis (e.g., for a firm who paid \$52,000 in EI employer premiums in 1996, the maximum annual refund it can receive will be \$8,000).

## **Annex E - Employment Insurance Fishing Regulations**

Since 1957, an additional set of regulations has existed under the Unemployment Insurance system for self-employed fishers. Many of these regulations have been reformed through the EI Act. This Annex summarizes the reforms which affect self-employed fishers.

### **1. Benefit Eligibility**

Benefit eligibility is now based on earnings, rather than weeks of work. As of January 5 1997, to qualify for EI benefits, a fisher is required to earn a minimum amount through self-employment in fishing. The minimum earnings level varies based upon the unemployment rate in the region, ranging from \$2,500 in the highest unemployment regions to \$4,200 in the lowest unemployment regions. A new entrant/re-entrant to self-employed fishing is required to earn a minimum of \$5,500 from self-employment in fishing. The earnings are calculated in accordance with the sharing arrangement of the crew, and are reported on the Record of Employment (ROE) by the buyer (the usual deemed employer). Earnings will be counted from the first dollar.

### **2. Benefit Periods**

There will continue to be both a summer and winter benefit period. The summer period could start as early as the week of April 1, and would have to end no later than the week of December 15. The winter period could start as early as the week of October 1, and would have to end no later than the week of June 15. The year round category has been eliminated.

### **3. Benefit Entitlement Period**

All fishers who qualify for benefits are now entitled to up to 26 weeks of benefits during either a summer or winter period, rather than benefit periods which vary by weeks of employment. However, similar to non-fishing EI benefits, a divisor which varies by the regional unemployment rate is applied in the calculation of weekly benefits. The 26-week benefit entitlement period may be consecutive or intermittent, but will be limited by the fixed start and end date of the summer or winter benefit period.

### **4. Flexible Qualifying Period**

The earliest starting date for the qualifying period is March 1 (for summer benefits) and September 1 (for winter benefits). Claimants continue to have flexibility in determining the date for their qualifying period, which may vary based on the date of the benefit period that is established. The maximum length of the qualifying period during which



earnings can be accumulated is 31 weeks, counting back from the week prior to the beginning of the benefit period.













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# EMPLOYMENT INSURANCE

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## 1999 Monitoring and Assessment Report





December 1999

The Honourable Jane Stewart  
Human Resources Development Canada  
Portage IV  
140 Promenade du Portage  
Hull, Quebec  
K1A 0J9

Dear Minister Stewart:

We are pleased to present to you the 1999 Employment Insurance Monitoring and Assessment Report, the third in a series of five annual reports to be submitted to the Minister of Human Resources Development by the Canada Employment Insurance Commission under Section 3 of the *Employment Insurance Act*.

This third report focuses on the period April 1, 1998 to March 31, 1999 – the second full fiscal year the Employment Insurance system was in place. The report presents a detailed analysis of what is known so far about the impact of EI reform on income benefits as well as the new employment benefits and support measures. Data for 1998/99 are compared to data for 1997/98. In this context, trends for the period between 1995/96 and 1997/98, identified in the 1998 Monitoring and Assessment Report are also discussed. The report also provides updates on: how individuals in the 14 communities selected for analysis are adjusting to the reforms; improvements in program administration; and additional savings realized during the period under review.

You should note that our findings on the impact of Employment Insurance reform for this period are still somewhat incomplete. For example, as it takes several months following the end of a claim before administrative information is available for analysis, the information about claims that started in latter part of 1998/99 will only be available later. In addition, information on measures such as the benefit repayment provision comes via the tax system, and the most recent information available for this report was for 1997. Nevertheless, we believe that the 1999 Monitoring and Assessment Report represents a more substantial contribution than last year's report.

We trust that you will find the report informative.

Claire M. Morris, Chairperson

Fernand Boudreau, Commissioner  
for Workers

Jim Lahey, Vice-Chairperson

Peter Doyle, Commissioner for  
Employers





***Employment Insurance  
1999 Monitoring and Assessment Report***

**Submitted to:**

***The Minister of Human Resources Development Canada***

**December 20, 1999**

**By:**

***The Canada Employment Insurance Commission***

Prepared by:

Human Resources Development Canada  
Strategic Policy  
Labour Market Policy Directorate

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## Executive Summary

In this third of five annual EI monitoring and assessment reports, we examine how individuals, communities, and the economy are continuing to adjust to the reforms introduced under the *Employment Insurance Act*, in July 1996 and January 1997. The focus of the analysis in this report is on the second full fiscal year that the Employment Insurance (EI) system was in place, the period from April 1, 1998 to March 31, 1999. Trends identified in the 1998 Employment Insurance Monitoring and Assessment Report are also discussed in light of our findings.

We begin in Chapter 1 by providing an overview of the Canadian labour market for the period under review as well as an historical perspective on the (EI) reform. In chapters 2 through 6 we focus on results related to EI Income Benefits, which provide temporary income support to unemployed workers, and Employment Benefits and Support Measures, which provide active re-employment measures to help clients return to work. Our conclusions are presented in Chapter 7.

### Finding Highlights

#### CANADIAN LABOUR MARKET

Canadian labour markets continued to perform well in 1998/99 when the economy generated more net job growth than any fiscal year since 1979/80<sup>1</sup>. During this period, employment grew by 400,000 jobs (2.9%), 85% of them in full-time employment. Unemployment rates also declined significantly at the national level and in virtually all provinces. Wage gains for the period were modest.

Labour market results for women and youth were also notable. Youth had their strongest fiscal year of employment growth on record (+5.3%) while women's employment rose by 3.2%, the highest percentage increase this decade. Employment for men rose by 1.9%. Over the past four years, employment growth averaged 2% annually for women and 1.5% for men.

In addition, a number of underlying factors driving change in the labour market are noted.

- A different pattern of labour market participation for women, which has important implications for understanding their results under EI. For example, women are less likely than men to work in seasonal industries where EI use is more frequent. They are also more likely than men to work in part-time and temporary jobs, where access to EI is more limited. Finally, women are more likely than men to move in and out of the labour market.
- An increasing number of youth are entering the job market for the first time with no work experience.
- There are a growing number of people who are self-employed. This is a form of employment that is not generally covered by EI.
- There is an increasingly important link between education and labour market outcomes, with those who are highly educated and committed to life-long learning faring better than others.

The strong growth in the economy and these changing patterns in the labour market form the context within which we analyse the impact of the EI program for 1998/99.

<sup>1</sup> Unless otherwise noted, the period analyzed in this report is from April 1, 1998 to March 31, 1999.

## INCOME BENEFITS

The total number of EI claims and overall benefits paid under the program remained essentially stable during the period, although there were important differences noted for certain demographic groups, geographic areas and specific benefit types. Results likely reflect the stronger economy and indicate that the major impacts of EI reform have already occurred and individuals and communities are adjusting to the new system.

In 1998/99, there were about 1.8 million **new claims** for EI benefits, about the same number as 1997/98 (+0.1%). The breakdown by type of benefit is as follows:

- regular claims dropped slightly by 0.6% to 1.5 million claims;
- fishing claims decreased by 3.2% to 26,100 claims; and
- special benefits claims increased by 4.8% to 389,280 claims.

**Total income benefits** paid amounted to \$10.2 billion in 1998/99, an increase of 1.5% from 1997/98. The breakdown by benefit type is as follows:

- regular benefits increased by 0.5% to \$7.8 billion;
- employment benefits increased by 5.4% to \$490 million;
- work sharing benefits increased by 141% to \$16 million;
- fishing benefits increased by 1.3% to \$218 million; and,
- special benefits increased by 4.5% to \$1.7 billion.

New claims for **regular benefits** made by women decreased by 3.8% in 1998/99 versus a 1.5% increase for men. The decline in new claims for women can likely be traced to an improving labour market and to the pattern of participation of women. Analysis at the industrial sector level shows substantial declines in new claims for

sectors where women are highly represented such as Finance and Insurance, Education, Health and Social Services and Government Services. The rise in new claims for men can be traced to changes in sectors where they are highly represented, particularly to the mining, oil and gas sector, logging and forestry and fishing and trapping.

New claims for **youth** increased by 3.2% during the period compared to a decline of 27.2% for the period between 1995/96 and 1997/98. These changes reflect the strong employment gains by youth over the past fiscal year, and the ability to work longer in a strong labour market. Since youth tend to rely on short tenure employment, increases in employment can result in increases in EI claims. It is also worth noting that the Community Adjustment chapter reported that some focus group participants felt that EI reforms were having a positive effect on the attitudes and work behaviour of youth and that this year's consultations found that there appeared to be sufficient resources for youth in the majority of communities, an improvement over the 1998 findings.

With respect to **special benefits**, total payments increased by 4.5% and the number of claims established increased by 4.8%. There were also increases in average weekly benefits for all types of special benefit claims, possibly linked to increases in wages and top-ups under the Family Supplement. A significant increase (+8.5%) in sickness claims was also noted. Since this follows a two-year period in which sickness claims declined by 1.8%, further investigation is needed to determine the significance of the recent increase.

Overall our analysis also indicates that some **elements of the reform** appear to be having the intended effect. The divisor rule is encouraging individuals to increase their work effort and entitlement under the hours-based system is improving access to the system. In addition:

- the top-up provided by the Family Supplement is providing higher levels of benefits to a smaller but better targeted group of claimants, mostly women. Total Family Supplement payments in 1998/99 increased to \$146.6 million. This was 39.9% higher than the figure we reported last year;
- the intensity rule affected a higher number of claims in 1998/99. Regular and fishing benefits were reduced by about \$86.3 million or about \$8.55 a week per affected claimant;
- premium refund policies for workers earning less than \$2,000 and for employers under the New Hires Program are working as expected;
- the number of people who repaid benefits has also increased slightly as a result of the benefit repayment provisions (clawback) in EI; and
- results from the **small weeks adjustment projects** have also been quite positive, enabling a significant number of workers to collect higher benefits and maintain a greater attachment to the workforce.

The impact of program changes on **frequent claimants** though is more difficult to evaluate. Despite the application of the intensity rule and a 5.7% decline in new frequent claims, this group received 42.9% of all regular and fishing benefits paid or \$3.4 billion, virtually unchanged from the 1997/98 level.

Results for **fishers** are also difficult to evaluate. It was expected that the reform would help contribute to adjustment in the fishery and reduce the extent of reliance on EI fishing benefits. However, our analysis indicates that there has been very little change in terms of number of new claims and total benefits paid since the EI changes were implemented.

Results also indicate that the provisions in the *EI Act* that allow beneficiaries to **work while on claim** and earn up to \$50 a week

or 25% of weekly benefits (whichever is higher) do not seem to be having a discernible impact. This indicates that other factors may have outweighed the impact of the \$50 floor. Focus group results from the community adjustment chapter suggest that one of these factors may be the lack of awareness.

Many components of EI reform are designed to produce **savings** from regular benefits. The reduction in the Maximum Insurable Earnings, the new way of calculating weekly benefit levels, the minimum divisor, and the reduced benefit rate under the intensity rule for repeat claimants, all played a role. In last year's report, we estimated that these reform elements resulted in ongoing savings to regular benefits of 5% to 10%. This year, the analysis focuses on the incremental savings to regular benefits from further phasing in of the Family Supplement, intensity rule, benefit repayment provisions and Maximum Insurable Earnings.

The results indicate that the maturing of these reform elements reduced costs by \$95 million or 0.94%. In addition, Investigation and Control staff across the country identified \$702.7 million in total savings from overpayments, penalties and fines.

EI reform is also about improving the **quality of services** to employees and employers. In general, our analysis of focus group results in the chapter on community adjustment found that knowledge and understanding of EI continued to improve, and participants had acquired a better understanding of the calculation of EI benefits. However, a lack of understanding about the benefits of working while on claim noted earlier highlights the need for better communication.

In the chapter on program administration, we also describe a series of specific initiatives aimed at improving the quality of



service to employers and employees. Specific initiatives include: a survey of employers that determined the new approach to Records of Employment was less complex and less costly; a change to the administrative rule for claimants who make honest errors in reporting their earnings; and an amendment to the definition of "period of employment" that will result in fewer overpayments for claimants.

Finally, in keeping with our ongoing commitment to study the coverage of EI, we report using an improved measure of EI Program effectiveness, which was introduced in our last report. Results for this report indicate that 80% of those potentially eligible were able to meet the entrance requirements of the program. This is about the same figure as we reported in last year's report.

### EMPLOYMENT BENEFITS AND SUPPORT MEASURES

The new EI system placed a greater emphasis on getting people back to work through provisions called Employment Benefits and Support Measures (EBSMs). EBSMs emphasize effectiveness, results, accountability, and local decision-making. Through partnerships – called Labour Market Development Agreements (LMDAs) – with the provinces and territories, EBSMs can be adjusted to meet the needs of local labour markets. The Government of Canada has concluded LMDAs with all provinces and territories except for Ontario and Nunavut: negotiations are underway with a view to concluding agreements with these governments.

Our analysis shows that further progress has been made in concluding and implementing the **Labour Market Development Agreements**. As shown in the evaluations, the flexibility to tailor programs and services to local needs appears to be one of the major successes of the LMDAs. Early evaluations suggest that growing partnerships between

governments have resulted in successful harmonization of federal and provincial programs. Training Purchases have been phased out and the Skills Development employment benefit has been successfully implemented.

**Client results** indicate that they are participating in a larger number of EBSMs and more clients are being served. Long-term interventions are continuing to decline, while short-term interventions increased significantly. The use of Targeted Wage Subsidies also rose dramatically in 1998/99. An increase in expenditures on short-term interventions under Employment Assistance Services has resulted in lower average costs per intervention.

For 1998/99, 267,108 EI clients returned to work, a 46% increase over last year. Unpaid benefits totalled \$917.55 million, a 36% increase over last year. Results from Group Sessions also increased sharply over the previous year.

We also report on efforts being made to encourage participation by **members of designated groups** who traditionally have been underrepresented. Results have been mixed: the participation rate of women has increased, the rate for Aboriginal people remains constant, and the rate for persons with disabilities has declined slightly, in part because of past reporting practices and rates of voluntary self-identification.

### Summing Up

The Employment Insurance program and the implementation of the reforms introduced in 1996 and 1997 cannot be looked at in isolation from what is occurring in the Canadian economy and labour market. EI is part of a larger economic context responding to varying labour market and employment conditions across the country, across industries and across different demographic groups. In 1998/99, the strong economy and changing labour

market are reflected in the results for EI Income Benefits and Employment Benefits and Support Measures.

Overall, we can say that there are indications that some elements of the reform are working relatively well. In general, the EI program is continuing to meet its primary objectives of providing income support to people who temporarily lose their jobs and helping them return to work. The EI program is, in several respects, better targeted than its predecessor to those who need it most.

There is also evidence that some individuals are working longer before collecting benefits and that dependence on benefits is being discouraged. Active re-employment measures under the Employment Benefits and Support Measures program are helping unemployed workers upgrade their skills so that they can return to work more quickly. Finally, the new partnerships with the provinces also appear to be working effectively with more clients being served at a lower cost per intervention.

Other aspects of the reform are more difficult to evaluate at this point in time. Consequently, further analysis of the results in some areas is warranted.

We will continue to monitor and assess carefully the impacts of the EI reforms as the new system matures, and may periodically test program adjustments as necessary, as has been done through the small weeks adjustment projects and other initiatives.





## Introduction

The Employment Insurance system introduced in July 1996 and January 1997 was the most fundamental restructuring of the Unemployment Insurance program in 25 years. That is why the Government of Canada made a legislative commitment to monitor and assess the impacts of the reform for five years.

Specifically, subsection 3(1) of the *Employment Insurance Act* states that:

"The Commission shall monitor and assess

- (a) how individuals, communities and the economy are adjusting to the changes made by this Act to the insurance and employment assistance programs under the *Unemployment Insurance Act*;
- (b) whether the savings expected as a result of the changes made by this Act are being realized; and
- (c) the effectiveness of the benefits and other assistance provided under this Act, including:
  - (i) how the benefits and assistance are utilized by employees and employers; and
  - (ii) the effect of the benefits and assistance on the obligation of claimants to be available for and to seek employment and on the efforts of employers to maintain a stable workforce."

This is the third in a series of five annual reports by the Canada Employment Insurance Commission to be tabled in Parliament for the years 1997 to 2001 by the Minister of Human Resources Development Canada. The Commission could only conduct a preliminary analysis for the first report, since the new system had just been introduced. The second report focused on the period April 1, 1997 to March 31, 1998 - the first full fiscal year the

Employment Insurance system was in place. It compared data for this period with 1995/96, the last full fiscal year preceding Employment Insurance reforms. This third report focuses on the period April 1, 1998 to March 31, 1999 - the second full fiscal year the Employment Insurance system was in place. The report presents a detailed analysis of what is known so far about the impact of EI reform on income benefits, including a discussion of key reform elements such as the hours-based system and the Family Supplement. Data for 1998/99 are compared to data for 1997/98. Trends for the period between 1995/96 and 1997/98, identified in the 1998 Monitoring and Assessment Report are also discussed. This is also the first year that data is presented for the Northwest Territories and Yukon separately. Generally, we do not report on 1996/97, as this was a year of transition between the old system and the new one.

While we have much more detailed data for this year's report than last year's, our findings are not complete. We can only have a complete picture of a claimant's benefits some time after the claim is complete. It takes several months following the end of a claim before administrative information is available for analysis. In addition, information on measures such as the benefit repayment provisions comes via the tax system. This information is only available after a time lag of two years (i.e. only 1997 data covering the first year of the changes is available for the 1999 Monitoring and Assessment Report).

Some elements of the reform, such as the intensity rule and the new benefit repayment measures, only gradually take effect as individuals establish a history of benefits collected since July 1996. As well, the full impact of the new Family Supplement is not yet apparent, as the maximum benefit rate

for recipients of this top-up, which started at 65% in 1997, will reach 80% by 2000.

The Monitoring and Assessment Report makes use of many sources of information in analyzing the effects of the changes introduced to the Employment Insurance system in 1996. In addition to HRDC administrative data, Canada Out-of-Employment Panel (COEP) studies and information from Statistics Canada, we also use provincial data and evaluation studies that are funded by HRDC.

As undertaken in the 1997 Monitoring and Assessment Report, this report includes references to evaluation studies that touch on both Part I and Part II benefits of the *Employment Insurance Act*.

## Chapter 1 — Context

### I. THE LABOUR MARKET

Canadian labour markets performed well in 1998/99 when the economy generated more net job growth than any fiscal year since 1979/80<sup>1</sup>. During this period, employment grew by just over 400,000 (2.9%), from 14.04 million in 1997/98 to 14.44 million in 1998/99. About 85% of employment growth was in full-time jobs. Employment growth also extended across most of the country, lowering unemployment significantly. Wage gains between 1997/98 and 1998/1999 were modest; weekly wages of salaried employees increased by 1.5% and those of hourly paid employees increased by 1.8%.

The strong labour market did not apply evenly across gender and age groups. Young workers in the 15 to 24 age bracket and women benefited more from the employment growth in 1998/99 than did adult men. Youth had their strongest fiscal year of employment growth on record (5.3%). Adult women's employment also rose by 3.2%, the highest percentage increase this decade.

Employment for men rose by 1.9%. Over the past four years, employment growth averaged 2% annually for women and 1.5% for men.

During 1998/99, employment growth was also strong in most provinces, with Newfoundland, New Brunswick, Ontario and Alberta all experiencing employment growth in excess of 3%. Employment

growth was weakest in Saskatchewan, Prince Edward Island and Manitoba. For the most part, employment growth was strong in comparison with the three-year average between 1995/96 and 1997/98. All provinces except Manitoba and Saskatchewan reported higher rates of employment growth during 1998/99 than the average for the previous three-year period.

As a result of the improving labour market, the average unemployment rate in 1998/99 dropped to 8.1%. This represents a decline of about 1 percentage point over the previous three-year period. The reduction

	Employment Growth		Unemployment Rate	
	95/96 - 97/98	98/99	95/96 - 97/98	98/99
Newfoundland	-0.4%	3.9%	18.5%	17.8%
Prince Edward Island	0.8%	1.0%	14.5%	14.3%
Nova Scotia	1.3%	2.2%	11.8%	10.6%
New Brunswick	0.6%	3.4%	11.9%	11.7%
Quebec	0.8%	2.3%	11.1%	10.1%
Ontario	2.1%	3.5%	8.2%	6.9%
Manitoba	1.7%	1.7%	6.7%	5.7%
Saskatchewan	2.1%	-0.1%	6.3%	6.2%
Alberta	3.3%	3.6%	6.5%	5.8%
British Columbia	1.9%	2.6%	8.8%	8.5%
Canada	1.8%	2.9%	9.1%	8.1%

in unemployment for the beginning and end of the reporting period is also important to note. In April 1998, the unemployment rate stood at 8.4% (1.31 million people were unemployed) and by March 1999, it had declined to 7.8%. During this period, the unemployment rate for youth also declined from 15.4% to 14.3%. The unemployment rate for women fell slightly more than that of men over the same period. Every province had a lower unemployment rate for 1998/99

<sup>1</sup> Unless otherwise noted, the period analyzed in this report is from April 1, 1998 to March 31, 1999.



than during the past three-year period. The largest year-over-year improvements during 1998/99 were in Ontario, Nova Scotia, Quebec and Manitoba.

The improving job market resulted not just in the creation of new jobs but also in relatively low turnover rates. As in earlier years, nearly nine out of ten (86.3 %) workers had been in their jobs for more than six months over the 1998/99 period.

In addition to continuing cyclical changes in employment and unemployment, structural changes have also affected the labour market. These include differences in labour market patterns for youth, employer lay-off practices, and emerging employment arrangements.

Throughout the 1990s, an increasing number of young people decided to stay in school, rather than enter the labour market. When the improving labour market attracted more of them into the labour market during 1998/99, many had little in the way of previous employment. As a result, many of these young people would have been considered "new entrants" to the labour market and subject to higher eligibility requirements making it more difficult to qualify for EI.

In 1998/99, laid-off workers accounted for 39.1% of all unemployed. This was a slight increase over the last reporting year when the share of unemployed people who were laid-off was 37.7%.<sup>2</sup> The increase is important to note since EI was designed to replace the incomes of these kinds of workers.

Another trend that affects the potential use of EI is the strong growth in self-employment. Growth in self-employment has been evident for both women and men. From 1995/96 to 1998/99, the share of self-employed workers in the labour force rose

from 16% to 18%. Since self-employed workers (with the exception of fishers) are not covered by EI, growth in this form of employment would tend to lower the rate of EI coverage among employed workers.

Given the strong employment growth for women, it is also worth noting some significant differences between women and men's labour market patterns that affect EI program use. For example, women are less likely than men to work in seasonal industries and sectors where EI use is frequent. Women are also more likely than men to work in "non-standard" forms of employment such as part-time and temporary jobs and self-employment without paid help, where access to EI is more limited. Moreover, women are more likely than men to move in and out of the labour market and more likely to have not worked in the past year. Therefore, they are more likely than men to be subject to the higher eligibility requirements under EI for new entrants or re-entrants.

Finally, the link between education and unemployment is also becoming increasingly important. Over the last few decades, the Canadian economy has shifted towards more efficient production practices. Those who can adapt to this environment benefit most from new job opportunities and higher wages. As old occupations disappear, new ones emerge. However, research indicates that these new occupations require people with strong educational backgrounds and a commitment to life-long learning. Analysis also indicates that employment growth has been strongest for many years now among people with more than a high school diploma. The share of employed workers with a high school diploma has risen from 49% in 1995/96 to 52% in 1998/99. At the same time, unemployment rates for the least educated have also risen. It is important to note that women's average educational attainment has risen more rapidly than men's in the 1990s and there are

<sup>2</sup> This is based on revised Labour Force Survey figures from Statistics Canada.



proportionally fewer women than men at the lowest educational levels.

## II. HISTORICAL PROGRAM PERSPECTIVE

The 1940 *Unemployment Insurance Act* reflected strong insurance principles. The Act clearly defined the risks to be insured as well as the conditions under which benefits would be paid. In the early years, the Act covered 42% of Canadian workers – those who faced an unpredictable risk of job loss. People who faced little risk of unemployment (e.g. public servants) and those for whom job loss was almost certain (e.g. seasonal workers) were not covered. However, social objectives were present in that claimants with dependants received higher benefits.

In the succeeding period of steady economic growth and improved fiscal conditions, the Unemployment Insurance (UI) program gradually developed more along social insurance lines. Benefit rates were increased and coverage was extended to seasonal workers and self-employed fishers. The tendency to expand coverage culminated in the *Unemployment Insurance Act* of 1971, which reflected the healthy state of federal finances and perceived shifts in the Canadian labour market. The Act covered about 90% of the employed workforce, reduced eligibility requirements, increased benefits, and introduced maternity and sickness benefits. It also introduced extended benefits for regions with high unemployment, a measure that was reinforced later in the decade by lowering eligibility requirements for high unemployment areas.

In the 1980s, the state of public finances changed as Canada faced year after year of budget deficits. This, as well as growing concerns that the program was undermining the incentive to work, led to three packages of reforms in 1990, 1993, and 1994. The first of these three reforms foreshadowed

Employment Insurance by allocating an additional \$1.3 billion towards special benefits and active measures designed to help people get back to work. The new initiatives were financed by reducing total benefit payments by: raising entrance requirements up to six weeks in low-unemployment regions; reducing benefit entitlement by up to 15 weeks; and increasing the disqualification period for workers who voluntarily quit their jobs without just cause. Three years later, the benefit rate was reduced from 60% to 57% and voluntary quitters without just cause were completely disqualified.

The 1994 reforms further reduced entitlement, increased the minimum entrance requirement in high-unemployment regions, and established a two-level benefit rate: 60% for claimants with low earnings and dependants and 55% for all other claimants. Evaluations, however, found that the 60% rate was ill targeted and not successful in helping those most in need. Other elements of the 1994 reforms proved more effective. As intended, the reform achieved most of the \$2.4 billion in savings by reducing the average period of entitlement to benefits. However, it did not have much of an impact on workers in high unemployment regions. These workers were generally able to get extra work to meet the increased entrance requirements, despite a major reduction in the availability of seasonal work.

In summary, changes in UI in the early 1990s cut costs by tightening entrance requirements, reducing the duration of benefits, and lowering the benefit rate. This period also saw the beginning of structural reform which placed more emphasis on active measures to help people get back to work.

### III. EMPLOYMENT INSURANCE REFORM

#### 1. *Part I - Income Benefits*

Employment Insurance (EI) maintained the role of income support, but moved the program further towards insurance principles by establishing a new benefit structure and new rules for frequent claimants. Other changes included:

- a Family Supplement for claimants in low-income families with children;
- tighter eligibility requirements for new entrants and re-entrants to the labour market; and
- a reduction in the maximum number of weeks of entitlement (lowered from 50 to 45 weeks).

At the same time, the program was adjusted to better reflect the changing nature of work in the last decade. An hours-based eligibility system was established, resulting in more part-time work being insured, and a new premium structure was instituted so that people paid premiums on all earnings up to an annual maximum. There are now no more weekly minimums or maximums for determining insurable earnings.

Under the hours-based system, every hour of work is insurable. This makes it easier for some people to become eligible for EI, such as those who hold multiple part-time jobs or work long hours over shorter periods. Benefit levels, however, are based on average earnings over a fixed period. As a result, "small weeks" (weeks with earnings of less than \$150) that were not insurable under the old system could lower some people's benefits and act as a disincentive for some individuals to accept small weeks of work.

To examine this issue, the Government of Canada introduced small weeks adjustment pilot projects in May and August 1997 in 29 high-unemployment regions. These

projects allowed claimants to either bundle (in Quebec and Atlantic Canada) or exclude (in Ontario and the Western provinces) small weeks in the calculation of weekly benefits. These projects expired on November 14, 1998, and a new pilot project was put in place. The new pilot project uses only the method of excluding small weeks and is in effect in the 29 regions that participated in the original projects, as well as in two additional regions, namely Hull, Quebec and Sudbury, Ontario. Further details are provided in Chapter 2.

An overview of the EI Part I changes and their rationale is provided in Annex 1.1. Chapter 2 provides an analysis of the impacts of these changes on Income Benefits.

#### 2. *Part II - Employment Benefits and Support Measures*

The *Employment Insurance Act* also committed the Government of Canada to work in co-operation with provinces and territories to put a series of programs in place that would be more effective in helping unemployed Canadians participate more fully in the labour market. Indeed, EI continued the shift away from "passive" income support towards "active" measures designed to get people back to work. These new active programs are called Employment Benefits and Support Measures (EBSMs). Eligibility for EBSMs extends to people who have received regular benefits in the past three years or maternity or parental benefits in the past five years, as well as to those currently eligible for Part I benefits.

The five new employment benefits and three support measures are based on successful elements in previous programs and are to be delivered in a manner responsive to the local labour market. In addition to addressing structural unemployment, the new EBSMs also emphasize effectiveness, results, accountability, and local decision-making.

Significantly, EI also called for new partnerships with the provinces and territories to ensure that re-employment approaches could be adjusted to meet the needs of local labour markets. In addition, a new accountability framework was instituted that shifts the focus to results rather than process. The aim is to shine the spotlight on the degree to which Part II benefits and measures are helping people return to work rather than focusing solely on the number of interventions and expenditures.

The five new employment benefits and three support measures are described more fully in Annex 1.2. An analysis of the impact of EBSMs and an update on the partnerships with the provinces and territories are provided in Chapter 3.

#### IV. BENEFICIARY TO UNEMPLOYED RATIO

In the first Monitoring and Assessment Report, HRDC made a commitment to study the beneficiary to unemployed (B/U) ratio. This is the number of regular EI beneficiaries divided by the total number of unemployed workers. To better understand recent changes to the B/U ratio, an Employment Insurance Coverage Survey (EICS) was completed and the results were published separately. The initial EICS study concluded that the B/U ratio is too broad a measure to provide a good indicator of EI program effectiveness. This is because the B/U ratio does not distinguish between unemployed people who formerly worked in insured employment and those who did not (such as the self-employed). Furthermore, even among those in insured employment, the B/U ratio does not distinguish between those who had quit their job with just cause and those who had not. These results were noted in last year's Monitoring and Assessment Report.

Since last year's report, an additional analysis of the EICS has been published.<sup>3</sup> The study confirms the earlier findings on the low efficacy of the B/U ratio as a measure of EI program effectiveness. The analysis indicates that about one-half (52%) of the unemployed in 1998 had been laid off or had quit their job with just cause. Since this is target population for EI, they are considered "potentially eligible" for benefits. Of those potentially eligible, 80% were actually eligible to receive EI benefits.

#### V. CONCLUSION

EI changes continue to be implemented in a relatively strong labour market in 1998/99. Continued growth in employment resulted in a decline in the unemployment rate and in the demand for Employment Insurance. Youth had their strongest year on record and women's employment growth was the highest in a decade. However, not all individuals were able to participate in the growing economy to the same extent. People with low education or skills continued to have higher unemployment rates.

The 1996 *EI Act* involved a shift toward re-employment measures and temporary income support during periods of unemployment. EI also created a legislative framework within which new partnerships with the provinces and territories could be established to put effective programs in place for helping Canadians participate more fully in the labour market.

Changes in the Canadian economy and labour market mean that Canadians need to acquire new skills and adapt to new forms of employment. The redesigned income benefits and active measures in EI are designed to respond to these challenges. However, with each succeeding year, it

<sup>3</sup> Report on the Main Results of The Employment Insurance Coverage Survey, 1998, *Special Surveys, Employment Insurance Coverage Survey 1998*, Statistics Canada, Cat. No. 73F0008XPE.

becomes more difficult to isolate the independent impact of EI reforms. It is also worth noting that, some elements of the reform such as the hours-based system have been implemented fully while others such as the intensity rule are still maturing. Through the monitoring process, we need to analyze EI reform as an extension of previous reforms and assess impacts within the context of ongoing changes in the Canadian economy and society.



## Chapter 2 — Income Benefits

This chapter looks at the changes in the number of new claims and the amount paid out in benefits. Data for 1998/99, the second full fiscal year after the reform, are compared to data for 1997/98.<sup>4</sup> Trends for the period between 1995/96 and 1997/98, identified in the 1998 Monitoring and Assessment Report are also discussed. Generally, we do not report on 1996/97, as this was a year of transition between the old system and the new one.

We discuss the extent to which the impacts observed are due to program versus labour market changes. After looking at total income benefits, we report on regular and fishing benefits, including a discussion of frequent claimants for these two benefit types. This is followed by the changes observed for special benefits (maternity, parental, and sickness). For each type of benefit we examine eligibility requirements (the amount of work required to qualify for benefits), length of entitlement (how long claimants can receive benefits), and weekly benefits (how much they receive).

We then look at some of the key elements of the *EI Act* relating to income benefits and assess the degree to which they are meeting their stated objectives. Specifically, we examine:

- the hours-based system;
- the Family Supplement;
- working while on claim;
- the benefit repayment provisions; and
- the intensity rule.

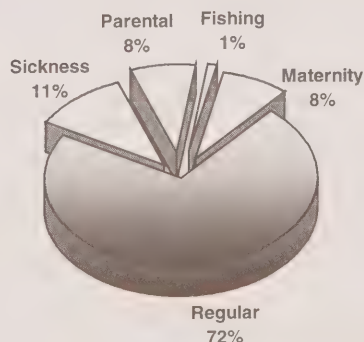
Finally, the chapter describes the results of the small weeks adjustment

projects introduced to encourage people to accept small amounts of work. Throughout this chapter, we refer to annexes provided at the end of the report. Annex 2.1 provides unemployment rates by EI region, and the remainder of Chapter 2 annexes provide data tables for regular, fishing, and special benefits and key elements of the reform.

### I. TOTAL INCOME BENEFITS

In 1998/99, there were about 1.8 million new claims for EI benefits. This was about the same number as last year (+0.1%). Total benefit payments amounted to \$10.2 billion in 1998/99, about 1.5% higher than in 1997/98. The average weekly benefit for claimants increased by 1.9% to \$283 (see Annex 2.2). There were also important changes to benefit payments within certain industrial sectors. As shown in Annex 2.3, benefit payments increased substantially in most of the seasonal industries and was highest in Fishing and Trapping (+70%) followed by Mining, Oil and Gas (+52%). Meanwhile, benefit payments fell in Finance and Insurance (-16%), Health and Social

#### Total New Claims 1998/99



<sup>4</sup> Unless otherwise stated, analysis in this chapter is based on employment insurance administrative data for the period between April 1, 1998 and March 31, 1999. There were 53 working weeks during this period.



Services (-.4%), Education (-9.5%) and Government Services (-7.4%).

The number of claims that received benefits and the changes between 1997/98 and 1998/99 by benefit type are as follows:

- regular claims dropped slightly by 0.6% to 1.5 million claims;
- fishing claims decreased by 3.2% to 26,100 claims; and
- special benefits claims increased by 4.8% to 389,280 claims.

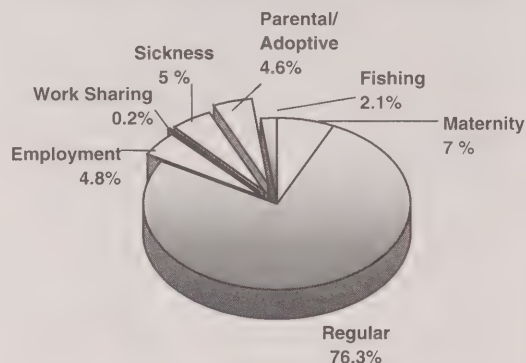
Benefit payments by type and the changes over the past year are as follows:

- regular benefits increased by 0.5% to \$7.8 billion;
- employment benefits paid to claimants participating in EBSMs increased by 5.4% to \$490 million;<sup>5</sup>
- work sharing benefits increased by 141% to \$16 million;
- fishing benefits increased by 1.3% to \$218.0 million; and,
- special benefits increased by 4.5% to \$1.7 billion.

As shown in the total income benefits chart, about 5% of total income benefits were paid to claimants participating in Employment Benefit and Support Measures (EBSMs). Special benefits (maternity, parental, and sickness) accounted for 17% of all benefits paid to EI claimants in 1998/99. This is about the same proportion as in 1997/98. Special benefit payments amounted to \$1.7 billion, 4.5% higher than in 1997/98. Benefits paid to self-employed fishers totalled \$218.0 million, up slightly from the last reporting year, when fishers received \$215.1 million. This is also very close to the \$218.9 million paid to fishers in 1995/96.

Regular benefits, which provide temporary income support to workers who become involuntarily unemployed, or quit with just

## Total Income Benefits 1998/99



cause, account for the most significant portion of benefits paid – amounting to 76% of total income benefits paid in 1998/99. This was the same proportion as in 1997/98. Many components of EI reform were designed to reduce regular benefits. The reduction in the Maximum Insurable Earnings, the new way of calculating the weekly benefit levels, the minimum divisor, and the reduced benefit rate under the intensity rule for repeat claimants, all played a role. In last year's report, we estimated that these reform elements resulted in ongoing savings to regular benefits of 5% to 10%. This year, the analysis of savings in Chapter 6 focuses on the incremental savings to regular benefits from further phasing in of the Family Supplement, intensity rule, benefit repayment provisions (clawback) and Maximum Insurable Earnings.

It is also worth noting that frequent claimants received 42.9% of all regular and fishing benefits paid in 1998/99, up slightly from the year before. Total benefit payments to these claimants were \$3.4 billion, virtually unchanged from the 1997/98 level.

A major source of information on how individuals are adjusting to EI reform is the Canada Out-Of-Employment Panel (COEP) Survey. Based on large quarterly samples

<sup>5</sup> See Chapter 3 and Annex 3 for more details.

of individuals who have job separations (Records of Employment), the present COEP survey is specifically designed to provide an additional source of information for understanding EI impacts. The survey is conducted on behalf of HRDC by Statistics Canada and provides detailed information on individuals' employment history, job search activities and outcomes, training, receipt of UI/EI benefits, and household incomes, financial assets, and debts.

From HRDC studies using COEP data, we can draw two preliminary conclusions about the effects of EI reform. First, a small proportion (around 12%) of those separated from their jobs experienced a drop in household consumer spending one year later. For this group, the drop averaged about 24% of monthly household income. With the exception of single parents, EI reform has not affected these results. In the case of single parents, their probability of experiencing a drop in consumption has gone down. While the reasons behind this result are unclear, it could partly reflect the positive impact of the Family Supplement. In addition, focus group results reported in Chapter 4 indicate that the majority of participants said that they relied on a variety of alternatives to cope financially while they were unemployed including savings, credit cards, bank loans, spouse's income, and RRSPs. For some, the alternatives included living at home with parents for a longer period. A second conclusion from analysis of COEP survey data is that the take-up rates for social assistance decreased for both EI claimants and others after EI reform. This may reflect the improving economy over the period.

## II. REGULAR BENEFITS

To understand the effects of the EI reform on regular claimants, four aspects of the EI program - eligibility requirements, length of entitlement, duration of claim and weekly benefits, are examined below.

### 1. Eligibility

Since July 1996, people who entered the labour force for the first time (new entrants) and those who had minimal work experience in the last two years (re-entrants) needed 26 weeks of work to qualify for EI benefits instead of the 20 weeks needed prior to the reform. With the change to the hours-based system in January 1997, the 26 weeks were converted to 910 hours.

All other regular claimants require between 420 and 700 hours (the equivalent in hours of the previous 12 to 20-week entrance requirement). In making the transition from a weeks-based system to an hours-based system, a week of work was defined as consisting of 35 hours – the actual average weekly hours for all workers since 1976, according to Statistics Canada's Labour Force Survey.

We did not expect the hours-based system to reduce the number of claims established. Once the transition to the hours-based system was completed, it was anticipated that an increase in claims from those who were not insured under UI would be roughly offset by a decrease in the number of new entrants and re-entrants who could qualify. An evaluation study by David Green and Craig Riddell indicates that the switch from UI to EI led to a small net increase in eligibility. (Please refer to Annex 2.18.)

In 1998/99, the number of regular claims established dropped by 0.6% to 1.49 million. The decline varied across provinces and territories reflecting different labour market conditions, with Ontario and Quebec showing significant drops (-3.4% and -5.4% respectively). The largest increases in the number of regular claims were in Alberta, Northwest Territories and Saskatchewan (25.6%, 19.4%, and 15.8% respectively).

To help explain the changes in claims, we examined changes in the duration of insured employment (see Annexes 2.5

and 2.6). Between 1997/98 and 1998/99, the proportion of claims with short employment spells increased (+1.6%), while those with over six months declined (-2.2%). A decline in the proportion of claims with long periods of insured employment can reflect an improving economy in which people with stronger attachment to the labour market are able to work longer and avoid collecting EI benefits. A rise in the proportion of claims with short periods of insured employment can also reflect an improving labour market allowing people with weaker labour market attachment to gain temporary employment with sufficient hours to qualify for benefits.

Across the provinces and territories, there were wide variations in the year to year changes. Saskatchewan had above average increases in those making claims with over six months of insured employment (+15.0%) and for those making claims barely meeting the minimum entrance requirement (+79.0%). This reflects the lack of employment growth noted in Chapter 1. Above average increases in both these categories were also evident in Alberta (+27.7% for those making claims with over six months of insured employment and +13.2% for those making claims barely meeting the minimum entrance requirement). While the overall employment growth figures for Alberta were strong for this period, these results probably reflect cyclical changes in mining, oil and gas.

New claims for regular benefits made by women decreased by 3.8% in 1998/99 versus a 1.5% increase for men. During the period, men established 906,000 claims and women established 582,000 claims or 39% of all new claims filed. Women's share of new claims was about 1% lower than in 1997/98. The 3.8% decline in new claims for women can be traced to a substantial (7.7%) drop in claims with longer employment spells. The different labour market pattern of women noted in Chapter 1 may help explain part of this change. Analysis at the industrial sector level

indicates substantial declines in new claims for sectors where women are highly represented such as Finance and Insurance, Education, Health and Social Services and Government Services. The rise in new claims for men can be traced to changes in sectors where they are highly represented, particularly to the mining, oil and gas sector, logging and forestry, and fishing and trapping.

As noted in Chapter 1, women are more likely (than men) to be affected by the higher eligibility requirements for new entrants and re-entrants because they move in and out of the labour force more often than men. However, an evaluation study by Kapsalis and another by Phipps and Macphail indicate that the overall impact for women may have been low because the switch to an hours-based system increased access and to some extent off-set the more stringent entrance requirements. (Please refer to Annex 2.18.)

New claims by people under age 25 increased by 3.2% during the period compared to a decline of 27.2% for the period between 1995/96 and 1997/98. Claims by youth with short employment spells declined by 10.5%, while claims supported by longer job spells increased by 3.2%. These changes reflect the strong employment gains by youth over the past fiscal year, and the ability to work longer in a strong labour market. Since youth tend to rely on short tenure employment, increases in employment can result in increases in EI claims.

## **2. Length of Entitlement**

EI reform reduced the maximum period of time which a person may receive benefits from 50 to 45 weeks. This change only affects claimants in higher unemployment regions with long periods of employment who were entitled to more than 45 weeks of benefits under UI.



In addition, the hours-based system was expected to increase entitlement duration for claimants who work more than 35 hours a week because the additional hours were not previously counted. The more hours worked, the longer the benefit entitlement.

As with eligibility, different features of the reform could increase the entitlement period while others could reduce it. When the EI program was introduced, the effects of the hours-based system outweighed the reduction in maximum entitlement. We found that, over the first two-year period, average entitlement for regular claims increased from 33 to 34 weeks and that this was due in part to the hours-based system. The figure for 1998/99 remains about the same. HRDC studies using Canada Out of Employment Panel (COEP) data, also found that the average entitlement period remained largely unchanged before and after reform. However, the impact on entitlement periods was varied. For example, men tended to receive longer entitlement periods because they worked more hours in a week. Similarly, length of the entitlement period rose in Atlantic Canada because the hours worked per week was higher due to the availability of seasonal work and smaller proportion of the labour force employed in part-time work.

### **3. Duration of Benefits**

To understand the extent to which reliance on EI has changed, we also looked at the weeks of benefits actually received by those with regular claims and the circumstances under which the claims were terminated. Due to the time required for claimants to complete their benefit spells, the most recent year for this analysis is for claims established in 1997/98. The analysis shows that regular claimants who established claims in 1997/98 received benefits for about 22 weeks on average, lower than the 34 weeks to which they were entitled, and slightly lower than the 23 weeks collected in 1995/96. The average weeks spent on

benefits was 21 weeks for adult men and youth and 23 weeks for women.

Claimants in Newfoundland received benefits for about 28 weeks, reflecting the longer entitlement duration of 38 weeks due to the higher unemployment rates. Average time spent on benefits was lowest in Manitoba, Saskatchewan and Alberta at 19 weeks.

The analysis also indicates that only about one in five claimants stay on claim for their entire entitlement period, thereby “exhausting” their benefits. This figure has gone down slightly since EI reform, reflecting an improved labour market and confirming that the reduction of the benefit entitlement period under EI has not led to an increase in exhaustion of benefits. It is also worth noting that women and youth were less likely than men to exhaust their benefits.

### **4. Weekly Benefits**

One of the main EI changes affecting weekly payments is the minimum divisor rule. Weekly benefits are calculated by dividing all insured earnings in the last 26 weeks by the minimum divisor (ranging from 14 to 22) in the particular region, or the actual number of weeks worked in this period, whichever is higher, and multiplying the result by 55% or the applicable benefit rate. Claimants receive lower benefits if the minimum divisor is higher than the number of weeks they worked. This encourages people to find at least enough work to meet the minimum divisor in their region.

Another EI change affecting weekly benefits is the reduction in the Maximum Insurable Earnings (MIE), which reduced the maximum weekly EI benefit from \$465 to \$413. Despite the program changes, the average weekly benefit continued to increase slightly. In 1998/99, the average weekly benefit increased by 1.9% over 1997/98. This increase is in line with the changes in wages and salaries noted in

Chapter 1 and indicates that EI benefits respond to increased wages in the labour market. However, despite the slight increase observed, it should be noted that the \$413 cap on weekly benefits continues to keep the average weekly benefits lower than they would have been.

We conclude that these two program changes (the minimum divisor rule and the reduced MIE) caused weekly benefits to decline in 1996/97, as expected, while increases in wages and salaries helped to offset the decline in 1997/98 and in 1998/99.

## 5. Summary

Between 1997/98 and 1998/99, total payments to regular beneficiaries (see Annex 2.4) increased by 0.5% while the number of regular claims established dropped by 0.6%. Weekly payments increased slightly despite the effects of the divisor rule and the reduced MIE. Over the period under review, new claims by women dropped by 3.8% versus a 1.5% increase for men. The analysis suggests that strong employment growth and different labour market patterns contributed to the decline in new claims for women. There was also a 3.2% increase in new claims for youth. Finally, new analysis of the duration of benefits confirmed that reduction of the benefit entitlement period under EI has not led to an increase in exhaustion of benefits. On balance, the results for regular benefits reflect a strong labour market and less reliance on the EI program.

## III. FISHING BENEFITS

Most of the reform elements affecting regular claimants also apply to self-employed fishers. These include:

- the minimum divisor;
- the reduction in the maximum weekly benefit;
- the benefit repayment provisions;
- the intensity rule; and

- the Family Supplement.

One of the most fundamental changes regarding fishing benefits introduced by the EI program came into effect in January 1997. This change is a shift in the eligibility requirements from weeks of work to insured earnings over the fishing seasons.

The adoption of an earnings-based system for fishers was recommended in the November 1993 Report of the Task Force on Incomes and Adjustment in the Atlantic Fishery. Since fishers are considered to be self-employed, it is difficult to verify their weeks or hours of work. However, the payments (earnings) they receive from the buyers of their catch can be readily verified.

### 1. Eligibility

Under the *EI Act*, the eligibility requirements for fishers were made more flexible by expanding the fixed seasonal qualifying and benefit periods. The qualifying periods for both summer and winter fishing seasons increased from 27 to 31 weeks. Moreover, the period over which benefits may be collected was increased by 8 weeks – 4 weeks each at the beginning and end of the period. This allows someone who fished in the winter season (from September 1 to March 31) to start a benefit period earlier, fish again late in the extended summer fishing season (which falls between March 1 and November 1), and qualify again for benefits in two consecutive seasons. Under the UI system, to qualify for benefits, fishers needed between 12 and 20 weeks of insured employment, depending on the regional rate of unemployment. With the implementation of the dollars-based program in January 1997, fishers could qualify for benefits with a minimum of between \$2,500 and \$4,199 in insured earnings from fishing. For new entrants and re-entrants to the labour force the minimum is \$5,500. Insured earnings can be accumulated over a few days or over the entire fishing season.



In 1998/99, the number of new fishing claims was 26,100. This represents a decline of 3.2% since 1997/98. The decline in claims during 1998/99 follows a 7.8% increase between 1995/96 and 1997/98 (see Annex 2.7). The number of new claims increased by 12.8% in Newfoundland and 6.1% in New Brunswick. New fishing claims decreased by 8.8% in British Columbia and 27.3% in Nova Scotia.

In 1998/99, the number of multiple claims made by fishers increased by 31% to 2,866 claims. This accounts for 11% of all fishing claims during the period and follows a substantial increase between 1995/96 and 1997/98. In about 49% of the cases this reporting year, the second claim was established within 9 weeks of the end of the previous claim. Another 35% established the second claim within 10 to 16 weeks of the end of the previous claim. This finding suggests that within 2 to 4 months after the first claim ended, these individuals were able to obtain the required earnings to establish a second claim. The establishment of multiple claims is most prevalent in provinces where seasonal conditions allow for fishing in both summer and winter fishery. The majority of the multiple fishing claims originated from Nova Scotia, New Brunswick and British Columbia, accounting for 42%, 32% and 8% respectively.

Earlier analysis has shown that the divisor rule caused fishers to increase the number of weeks over which they fished considerably. Claims with two added weeks of insured employment increased by about 40% between 1995/96 and 1996/97. The increase was higher in the October-December quarter when most fishing claims are established (58%). However, with the change to the earnings-based system, fishers can accumulate their earnings at any time over the 31-week qualifying period. As well, all earnings over this qualifying period are divided by the divisor to obtain the weekly benefit level. As a result, fishers have the flexibility of avoiding the negative impact of the divisor to the extent that they

are able to increase their fishing effort and revenues over this period. The added flexibility in the entitlement and benefit periods may have contributed to the continuing increase in fishing claims in consecutive seasons.

In 1997/98, with eligibility based on dollars of insured earnings, only about 5% of claims qualified with the minimum earnings required to establish a claim – \$2,500 to \$4,199. The majority (85%) qualified in the top insured earnings range of \$6,650 or over. The result for 1998/99 is very similar to 1997/98. About 93% of fishers qualified for benefits with over \$5,000 insured earnings, and about 68% qualified with over \$10,000 in earnings. In contrast, in 1995/1996, 83% of fishing claims qualified with the minimum number of insured weeks (between 12 and 20).

This suggests that the conversion to a minimum entrance requirement which was earnings-based requires further analysis. The relatively low dollar amount of earnings required to enter the program, combined with the greater flexibility in the qualifying and benefit periods, contributed to the increase in multiple claims since the reform. Despite the overall decline in fishing benefits, this change may also be contributing to the increase in new entrants to the fishery as evidenced by the substantial increase in first time claimants and those who occasionally rely on EI fishing benefits.

## **2. Length of Entitlement**

The maximum benefit entitlement per fishing claim is now fixed at 26 weeks. Prior to the *EI Act*, the entitlement period ranged from 14 to 27 weeks, depending on the regional unemployment rate and the number of insured weeks in the qualifying period.

Despite the increase in multiple claims, we found that the number of weeks over which fishers receive benefits increased only

slightly from about 21.6 weeks in 1995/96 to 22.6 weeks in 1997/98 and to 23 weeks in 1998/99. This suggests that many fishers receive benefits over most of the 26 week entitlement period.

### 3. *Weekly Benefits*

Average weekly benefits paid to fishers were \$353 in 1998/99. This represents a slight decline (-0.8%) from 1997/98. The weekly benefits paid to fishers are affected by a number of reform measures: the reduction in the MIE, the divisor, the intensity rule and the Family Supplement. With the exception of the latter, all of the reform measures could result in lower weekly benefits.

The slight drop in average weekly benefits between 1997/98 and 1998/99 is notable given that fishing revenues increased slightly during this period. The reduction could reflect the impact of the intensity rule. About 77% of all fishing claims established in 1998/99 had their weekly benefits reduced under the intensity rule, compared to 52% in 1997/98. Of the affected claims, about 25% had their weekly benefits reduced by one percentage point and about 68% had a reduction of two percentage points.

While most evident in the immediate period following the introduction of EI, the lower MIE also continues to impact on the weekly benefits of fishers, because most qualify for maximum benefits.

About 12% of fishing claimants with low family income and dependent children benefited from higher benefit rates allowed through the Family Supplement. This represents an increase over 1997/98 when 9% of fishing claimants received it. Before EI, only 4% of fishers received higher rates under the dependency provision. About 70% of fishers who received the Family Supplement in 1998/99 were classified as frequent users of EI – indicating that they

avoided lower benefit rates under the intensity provision.

### 4. *Summary*

It was expected that the reform would help contribute to adjustment in the fishery and reduce the extent of reliance on EI fishing benefits. However, our analysis has shown that there has been very little change in terms of number of new claims and total benefits paid since the EI changes were implemented. The analysis also indicates that a number of factors have contributed to maintaining fishing benefits at a relatively high level. Among these are the increase in multiple claims, the slightly longer duration spent on benefits and the relatively high levels of fishing revenues, since the reform. However, the most significant aspect of the reform affecting benefit levels is the lowering of the eligibility requirement under the dollar-based system. The lower eligibility requirement seems to be encouraging new entrants into the fishery as indicated by the increase in first time and occasional claimants.

While the application of the intensity rule contributed to the lower weekly benefits, the analysis indicates that total benefits paid to fishers are slightly higher in 1998/99. This is due to a slight increase in the average amount of time people spent on benefit and the larger weekly benefits that some fishers received through the Family Supplement.

## IV. FREQUENT CLAIMANTS

In this section of the chapter we consider individuals who had three or more claims within the previous five years to be frequent claimants. People who started previous claims at about the same time of the year as their current one are considered seasonal claimants. Using this definition, we conclude that a great majority of frequent claimants (80%) have a "seasonal" pattern of claiming benefits under EI. This is up from 75% in 1995/96. Therefore, the results observed for seasonal and frequent

claimants are very similar. It should also be noted that the results in this section are derived for individuals who had regular and/or fishing benefits. People who had special benefits are not considered to be frequent claimants.

### **1. Eligibility**

In 1998/99, frequent claimants established about 604,000 regular and fishing claims. This represents a decline of about 5.7% from 1997/98 (see Annex 2.8). This decline is partly due to the general decline in regular and fishing claims (-0.6% and -3.2% respectively) noted earlier in this chapter. In comparison to earlier years, the percentage change suggests that the initial impact of EI reform has been absorbed, and changes now can be traced to the labour market environment itself.

Most of the decline in frequent claims can be attributed to those in the 25–44 age category. In other age groups the number of frequent claimants increased. This suggests that prime working age claimants were able to access job opportunities in an improved job market. Older claimants who are less mobile, many of whom work in seasonal job markets, did not fare as well, continuing and even increasing their reliance on EI between the 1997/98 and 1998/99.

Men filed a total of 409,000 and women filed 195,000 frequent claims for 1998/99. The figures for men are 3.4% lower than in 1997/98, while those for women are 10.3% lower. The larger decline for women is consistent with the decrease in new regular claims by women and also reflects the lower likelihood of women to work in seasonal jobs. Analysis of regular benefits earlier in this chapter concluded that there were declines in new claims from sectors where women are highly represented and increases in new claims from those such as mining, oil and gas where men are highly represented.

As in past years, changes in the number of new claims by frequent claimants varied across the provinces and territories. In order to understand the variations across provinces we examined the reasons why people became unemployed during the period. It is worth noting that employed individuals can become unemployed through permanent lay-off, temporary lay-off or through voluntary separations. Analyses in previous years have suggested that there is a strong link between temporary lay-offs and new claims established by frequent claimants. The provincial results for 1998/99 reflect this linkage. For example, Alberta, Saskatchewan, and Newfoundland experienced increases in the number of frequent claims (7.9%, 5.4% and 3.5% respectively). Each of these provinces also had an increase in temporary lay-offs. In other provinces where the number of frequent claims declined such as British Columbia, Quebec and Ontario (-8.6%, -7.9% and -7.7% respectively), the number of workers permanently and temporarily laid-off also declined.

As noted in last year's report, frequent and seasonal claimants fared better with the switch to the hours-based system when it was first introduced than did claimants in general. These claimants tend to have fewer insured hours during the year than other claimants. However, when they are employed they tend to accumulate more hours per week than other workers because of the nature of seasonal work. In 1998/99, frequent claimants reported an average of 1205 hours of work versus 1316 for all regular and fishing claims. This represents a gain over the previous reporting year of 16 hours. This is in contrast with the gain of only four hours observed for regular and fishing claims in general.

### **2. Length of Entitlement**

Frequent and seasonal claimants had an average entitlement period of 32.8 weeks in 1998/99. This is down from 33.4 weeks in the previous reporting year. However, it



remains 3 weeks higher than in 1995/96. This reflects the positive impact of the switch to the hours-based system.

### 3. *Weekly Benefits*

Frequent claimants experienced an increase in their weekly benefit entitlements from \$303 to \$305 on average in 1998/99. This is in contrast to the drop in average weekly benefits for this group between 1995/96 and 1997/98. Average weekly benefit levels increased slightly in all provinces and territories, except Prince Edward Island where levels declined and British Columbia where they remained the same.

The intensity rule, which lowers the benefit rate for claimants who have collected more than 20 weeks of benefits in previous claims (starting in July 1996), tended to reduce benefits of frequent claimants. Frequent claimants were twice as likely to have been subject to the intensity rule than other claimants. Two-thirds of new frequent claims (as opposed to 35% of all regular and fishing claims) were affected by the intensity rule in 1998/99. If the intensity rule had not been introduced, average benefit levels of affected frequent claimants would have been \$9.50 higher. However, even with the application of the intensity rule, the average weekly benefit rate of frequent claimants exceeded the average for all claimants of regular benefits by \$23 or 8.2%.

### 4. *Summary*

Despite a 5.7% decline in claims by frequent claimants, this group continued to receive 42.9% of all regular and fishing benefits paid in 1998/99. Total benefit payments to frequent claimants were \$3.4 billion, virtually unchanged from the 1997/98 level. An increase in the number of claims by frequent claimants who are older workers (many of whom lack mobility and are limited by seasonal labour markets) has also been noted for 1998/99. The

continuing decline in the number of frequent claims is due to the impact of 25-44 age group.

When the EI program was first introduced, frequent claimants tended to benefit from some of its provisions, particularly the hours-based system which allowed them to meet the entrance requirements relatively quickly by working long hours. The rate of decline in the number of frequent claims has slowed as the initial impact of the new entrance provisions has been absorbed, and in some of the provinces the numbers have increased during 1998/99. These findings are consistent with the analysis of the total benefits paid by industry, mentioned earlier in this chapter where significant increases were noted for mining, oil and gas, and some seasonal industries.

## V. SPECIAL BENEFITS

EI provides three types of special benefits:

- maternity benefits, payable to biological mothers for work missed because of pregnancy and childbirth;
- parental benefits, payable to both biological and adoptive mothers and fathers for the purpose of caring for a new-born or adopted child; and
- sickness benefits, payable to claimants too ill to work.

The hours-based system and the Family Supplement are two elements of the EI program that affect special benefits. The hours-based system was expected to make benefits more accessible to part-time and multiple-job holders. As a result, we expected a larger proportion of people to qualify for benefits by barely meeting the new minimum entrance requirement of 700 hours.

In addition, claimants of special benefits in low-income families with children are eligible for the Family Supplement. The Family Supplement provides a "top-up" to



the EI benefit rate which is 55% of insurable earnings. In 1998, recipients of the Family Supplement could receive up to 70% of their average weekly insurable earnings. In 1999, this rate increased to 75%. As for all other claim types, the maximum benefit level cannot exceed \$413 per week.

Other elements of EI reform, such as the intensity rule and the higher entrance requirements for new entrants and re-entrants, do not apply to special benefits. The minimum divisor was not expected to have much impact on the calculation of special benefits, given that the benefit rate under the UI system was calculated using a minimum of 20 weeks.

### **1. Eligibility**

Effective January 5, 1997, claimants need 700 hours of insurable employment to qualify for special benefits. Under the old system, claimants could, in principle, qualify with as few as 300 hours of work (20 weeks of 15 hours each). In reality, however, in 1995/96, two-thirds of claimants for special benefits actually had more than 46 weeks of work, giving them almost 700 hours even if every week had been only 15 hours. Over 98% of those who applied for maternity benefits had more than the minimum 20 weeks of insurable employment in 1995/96 or 700 hours under today's system.

In 1998/99, the total number of claims for which any special benefits were paid was 389,280. This represents an increase of 4.8% over 1997/98. Claims with maternity benefits remained relatively stable (increasing only 0.4%). Claims for parental benefits (biological and adoptive) increased by 2.0%. The number of claims for which both maternity and parental benefits were paid consecutively increased by 6.5%.

The number of claims with sickness benefits increased by 8.5% in 1998/99. The reasons for this increase are unclear and more research is needed. However, as reported in Chapter 4, it should be noted that there

are perceptions that an increased number of people appear to be quitting their jobs for reasons of stress or illness and were in receipt of sickness benefits.

It is also important to note that the majority of claimants collecting parental benefits are women. In 1998/99, 95% of those collecting parental benefits to care for a newborn child were biological mothers and 88% of those caring for an adoptive child were adoptive mothers.

### **2. Length of Entitlement**

EI provides 15 weeks of maternity benefits to biological mothers and 10 weeks of parental benefits to either biological or adoptive parents; an additional 5 weeks of parental benefits for special care may be paid if the child suffers from a physical, psychological or emotional condition. EI also provides 15 weeks of sickness benefits. A total of 30 weeks of special benefits can be paid to a claimant in a single benefit period.

The average number of weeks for which maternity benefits were paid remained stable through 1998/99, averaging 14.5 weeks in 1998/99 compared to 14.4 weeks in 1997/98. Similarly, the duration of parental benefits paid to biological parents remained stable at 9.1 weeks. Parental benefits paid to adoptive parents decreased from 11.4 to 11.1 weeks and the average duration of sickness benefits remained at 8.9 weeks.

In general, the results indicate that individuals are continuing to maximize their benefit period with respect to maternity and parental claims. A recent Statistics Canada study<sup>6</sup> also indicates that the average length of benefits paid for combined maternity and parental claims increased from 21.9 weeks in 1991 to 24.5 weeks in 1998. In a separate study, Statistics Canada concludes that receipt of maternity benefits

<sup>6</sup> Statistics Canada, Daily, October 25, 1999.

had a significant influence on when a women returns to work.<sup>7</sup>

### 3. *Weekly Benefits*

Although claimants for special benefits are not affected by the intensity rule, they may qualify for the Family Supplement. About 22% of maternity and parental benefit claimants and 12% of sickness benefit claimants received the Family Supplement in 1998/99. The average weekly top-up for these claimants increased from \$27 in 1997/98 to about \$34 in 1998/99.

The average weekly benefit level for all maternity claims was \$277 in 1998/99. This represents an increase of 0.9% over 1997/98. For maternity claimants under the age of 25 the average weekly benefit level increased by 4.5% over last year. With respect to biological parents, the average weekly benefit level also increased 0.9% from \$284 in 1997/98 to \$286 in 1998/99. For adoptive parents in receipt of the parental benefit, the average weekly benefit level increased by 2.6% from \$333 in 1997/98 to \$342 in 1998/99. Similarly, the average weekly benefit level for sickness benefits increased 2.3% from \$253 in 1997/98 to \$258 in 1998/99.

### 4. *Summary*

In 1998/99 total payments to claimants receiving special benefits increased by 4.5% to \$1.7 billion and the number of claims established increased by 4.8% to 389,280. There were also increases in average weekly benefits for all types of special benefit claims, possibly linked to increases in wages and top-ups under the Family Supplement. A significant increase (+8.5%) in sickness claims was also noted for 1998/99. Since this follows a two-year period in which sickness claims declined by 1.8%, further investigation is needed to

determine the significance of the recent increase.

## VI. KEY ELEMENTS

### 1. *Hours-Based System*

Effective January 1997, eligibility for benefits and length of entitlement are based on hours of work instead of weeks. This system better reflects changing labour market realities and ensures more equitable treatment of claimants with different work patterns. This section provides a brief overview of the impact of this change.

Under UI, individuals had to work at least 15 hours or have earnings over a stated minimum in any particular week to be covered in that week. Those individuals whose jobs consistently provided low weekly hours and earnings were not covered under the program. EI extended coverage to all individuals with at least one dollar of insurable earnings. These changes have made the system more flexible, providing coverage to a broader group of workers. An evaluation study by Arthur Sweetman provides a descriptive analysis of the switch to an hours-based system from a weeks-based system. (Please refer to Annex 2.18.)

Among those not previously covered were multiple-job holders whose jobs did not meet the minimum weekly earnings or hours of work criteria. Regardless of their total weekly hours in all jobs (e.g. 3 jobs of 13 hours each or 39 hours in total), these workers had no insurable earnings and thus were not eligible for benefits if they lost any or all of their jobs. Under EI, multiple job-holders can add all hours of work from their employment to meet the eligibility requirements and to determine benefit entitlement.

Under UI, a week of 15 hours had the same value as a week of 35 hours or 50 hours. Each was considered one week of insurable

<sup>7</sup> Katherine Marshall, "Employment after Childbirth", Statistics Canada, Cat. No. 75-001-XPE.

work. In making the transition from a weeks-based system to an hours-based system, the conversion factor of 35 was used because this was the average workweek in Canada. Variations from this average affect how long individuals have to work to accumulate the hours needed to establish a claim and the number of weeks of benefits that they may be entitled to. Those who work more than 35 hours a week can accumulate the minimum number of hours required to establish a claim in a shorter period than under the previous program. The opposite is true for those who work fewer than 35 hours.

The changes under the hours-based system as well as changes in labour market conditions are reflected in the pattern of claims. To understand the changes in claim pattern, we divided the claims into three broad groups: those with employment around the minimum work required to qualify for benefits, those with between the minimum and 6 months and those with long employment spells of over 6 months. As shown in Annex 2.6, just over 79,850 claims fell in the first group, another 253,030 fell in the second group and a much larger group of about 1.2 million had employment spells of 6 months or longer.

Claims with short employment spells, those just meeting the minimum entrance requirement increased by 1.6% over the past year, while those with between the minimum and 6 months of employment increased 6.3%. These increases were offset by a 2.2% decline in claims with over 6 months of insured employment which resulted in regular claims declining 0.6% overall. As pointed out in the section on regular benefits, the decline in the proportion of claims with long periods of insured employment reflects an improving economy in which people with stronger attachment to the labour market are able to work longer and avoid the need to collect EI benefits. A rise in the proportion of claims with short periods of insured employment can also reflect an improving

labour market allowing people with weaker labour market attachment to gain temporary employment with sufficient hours to qualify for benefits.

The overall reduction in claimants just meeting the entrance requirement since the EI reform suggests that the divisor rule and entitlement under the hours-based system are encouraging individuals to increase their work effort, as intended by the legislation. An HRDC study using COEP survey data supports this proposition and suggests that individuals with short-term employment increased the hours worked per week since the reform. With respect to the divisor, a separate study using COEP survey data showed that effects of the divisor are broadly dispersed among various groups, although the increase in workforce attachment is more concentrated in the Atlantic provinces.

## **2. Family Supplement**

The Family Supplement replaces the UI dependency provision and better targets claimants in need – those in low-income families with dependent children. Under UI, any claimant with low weekly wages could qualify for a 60% benefit rate instead of the standard 55% if they had dependants as defined under the *Income Tax Act*. Eligibility was based on the income of the claimant (regardless of total family income or earnings of the spouse) with low-income defined as average weekly earnings of less than \$408 in 1996. Both spouses in a family meeting the criteria were eligible for the 60% benefit rate and both could receive this rate simultaneously.

In contrast, qualification for the EI Family Supplement, which replaces the dependency provision, is based on family income. To qualify, claimants must receive the Canada Child Tax Benefit (CCTB), which indicates that they have at least one dependent child, and have net family income of \$25,921 or less. Only one spouse in a family can receive the Family



Supplement at a given time. The maximum benefit rate for recipients of the Family Supplement increased to 65% of their average insurable earnings in 1997, 70% in 1998, 75% in 1999 and is set to level off at 80% in 2000. However, the maximum weekly benefit these claimants may receive is \$413, the same maximum as for all other claimants.

A total of 208,340 low-income families received higher weekly benefits through the Family Supplement in 1998/99, 3.6% more than in 1997/98. As in 1997/98, this represents about 11% of all claims that received EI benefits (see Annex 2.14). With the exception of Nova Scotia, the proportion of claims with the Family Supplement in the Atlantic provinces is relatively high (between 14% and 15%) reflecting higher incidences of low incomes in these provinces. Manitoba also had a relatively high proportion of claims with the supplement.

The number of claims receiving the Family Supplement in 1998/99 is lower than that under the dependency provision in 1995/96 (about 42% lower). This reflects the re-focusing of benefits to claimants in low-income families with dependent children rather than to individuals with low weekly earnings. The result is that claimants who are most in need receive a more substantial increment to their weekly EI benefits while those with low weekly wages but high family incomes no longer receive the supplement.

Total Family Supplement benefits paid in 1998/99 increased to \$146.6 million in 1998/99. This was 39.9% higher than the \$104.8 million paid in 1997/98. While part of this change can be attributed to an increase in claims (3.6%), the main source was from the increase in the benefit rate noted earlier. The top-up amounts increased from an average of \$29 in 1997/98 to \$38 in 1998/99 (+30%). This is much higher than the average of \$14 extra paid under the dependency provision in 1995/96. An evaluation by Phipps, MacDonald and

MacPhail found that the Family Supplement was more effectively targeted to low-income households than the dependency provision under UI. (Please refer to Annex 2.18.)

Average weekly benefits to claimants receiving the supplement was \$249 in 1998/99. This was up 4.4% over 1997/98. Average weekly benefits are now 35% higher than 1995/96. The increase in weekly benefits also reflects the change in the target population. Because benefits are based on family income rather than individual income, claimants with high weekly earnings but low family income (e.g. seasonal workers) are able to qualify for the Family Supplement. A large proportion of the newly qualified claimants are men who tend to earn higher wages than women, contributing to the increase in weekly benefits. This is reflected in the higher average weekly benefit level for men at \$296 in 1998/99 compared to \$221 for women. An evaluation study by Cheal and Kampen explores the impact of the Family Supplement on women. (Please refer to Annex 2.18.)

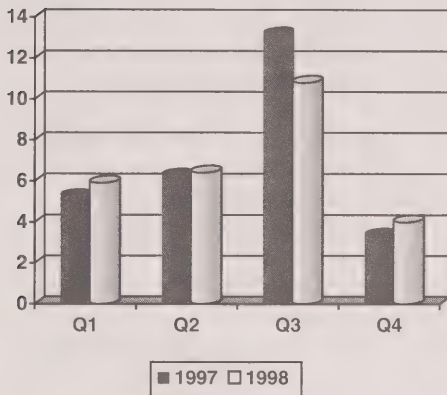
Fishers are one group of seasonal workers who receive higher weekly benefits through the Family Supplement. The change in the eligibility criteria has made it easier for fishers, who generally receive higher than average weekly benefits to qualify for the top-up. About 12% of all fishing claims received higher weekly benefits under the Family Supplement in 1998/99 compared to 9% in 1997/98 and less than 4% in 1995/96.

There has been very little change in the demographic distribution of Family Supplement claimants over the past year. As would be expected, the vast majority of claimants with the Family Supplement (about 80%) are between the ages of 25 and 44. Similar to the findings for 1997/98, about two-thirds of those receiving the top-up were women. Overall, 16.0% of all women with EI claims received the top-up in 1998/99 compared to 7.6% of men, almost unchanged from 1997/98. As well,



about 22% of both maternity and parental claimants received the top-up in 1998/99, compared to 20% for both claim types in 1997/98. The proportion of sickness claimants with the Family Supplement remains at 12% in 1998/99, unchanged from 1997/98.

### Share of Family Supplement Recipients with Fewer than 10 Weeks in Claims (%)



There are some concerns that the higher benefits under the Family Supplement could reduce the incentive to find a new job quickly. If this were true, we would expect to see a decline in the share of Family Supplement recipients who had a claim lasting fewer than 10 weeks.

The figure in this section shows that on a national basis, the percentage of Family Supplement recipients with a claim lasting fewer than 10 weeks was actually higher in every quarter of 1998, with the exception of the third quarter. A comparison between 1996 and 1997 published in last year's report yielded similar results. Thus, we still find no evidence of a disincentive to work.

### 3. Working While on Claim

Under EI, regular beneficiaries are allowed to earn up to \$50 a week or 25% of weekly benefits, whichever is higher, while collecting EI benefits. Any earnings beyond this are deducted dollar-for-dollar from benefits. The new \$50 per week floor only applies to claimants with a benefit level under \$200 per week. The aim is to encourage low-income claimants to maintain their labour force attachment and to increase their earnings from work. We expected this aspect of the reform to increase the proportion of claimants reporting work while on claim.

Annex 2.15 provides figures on claims with full/part-time work reported and EI benefits received. The most recent period with complete claim information available is 1997/98.

In 1997/98, the proportion of regular claimants reporting earnings while on claim was 36.4% or 545,320 claims. This represents a decline of 3.9% from 1996/97. Among regular claimants with a benefit rate of \$200 or less, 40.9% reported earnings while receiving EI benefits - a drop from 43.6% in 1996/97.

The figures above only include people who worked while on claim and still received some benefits for those weeks. In this report we have also taken into consideration those who worked while on claim and had earnings sufficiently high to reduce EI benefits to zero for some weeks. This additional information should provide a more comprehensive picture of those working while on claim.

An additional 297,640 claims were accounted for when those claimants who received earnings high enough to reduce their benefits to zero for some weeks were taken into consideration. This means that a total of 842,960 or 56.3% of claimants reported work while on claim in 1997/98.

Nevertheless, a comparison with 1996/97 data does not show an increase in working while on claim. This indicates that other factors may have outweighed the impact of the \$50 floor. One of these factors may be a lack of awareness. In Chapter 4 of the report, we note that some workers who participated in focus groups had little knowledge of the positive effect that working while on claim could have when they establish a new claim.

#### **4. Benefit Repayments**

New repayment or "clawback" provisions were introduced to discourage individuals with high annual incomes from continuously collecting EI benefits. In January 1996, a first change was introduced to lower the net income threshold for benefit repayment from \$63,570 to \$48,750. This threshold applies to occasional claimants – those with zero to 20 weeks of benefits in their claim history over the last five years – and to all special benefit claimants. For people affected by the benefit repayment measure, the recording of claim histories started on June 30, 1996. Occasional claimants are required to pay back \$0.30 for every \$1.00 of income above the threshold, up to a maximum of 30% of their benefits.

People with more than 20 weeks of regular benefits in the last five years are now treated differently. Although they also pay back \$0.30 for every \$1.00 of income above the threshold, they start making repayments at a net income of \$39,000 (the MIE), and they pay back up to a maximum of 50% to 100% of their benefits, depending on the number of weeks of benefits that they have collected in the past five years.

This measure is administered through the tax system so results are reported on a tax year (i.e. calendar year) rather than a fiscal year basis. The most recent data available is for 1997. As the recording of claim histories only started in July 1996, the benefit repayment data only includes benefit

weeks in the last half of 1996 and for the 1997 tax year.

In 1997, the number of people who repaid some of their benefits was 79,736. This represents a small increase (0.7%) in comparison to 1996. Total benefit repayments remained unchanged at \$70.3 million in 1997. As in last year's report, men represented 85% of those having to repay benefits. The slight increase for 1997 is understandable because the results mainly reflect claimants who would have made only one claim during the period. In subsequent tax years, we expect the total amount repaid under this provision to increase with repeat use.

In 1997, people on claim in five provinces and the Northwest Territories, exhibited a decrease in benefit repayments: Newfoundland (-22.8%), Nova Scotia (-3.0%), New Brunswick (-22.5%), Quebec (-0.4%), British Columbia (-5.0%) and the Northwest Territories (-2.4%). The remainder experienced moderate increases except for Prince Edward Island (32.1%) and Ontario (11.2%), which showed larger increases.

It is important to note that the new repayment provisions were introduced to improve the fairness of the system by reducing the amount of benefits paid to individuals with high annual incomes who make frequent use of the program. During the first two years under EI, the benefit repayment provisions led to a substantial increase in repayments by higher income claimants. In addition, an HRDC study using COEP survey data has also shown that the repayment provisions improved job search, as high income claimants were found to be unemployed for shorter spells.

#### **5. Intensity Rule**

The intensity rule reduces the benefit rate by one percentage point for every 20 weeks of regular or fishing benefits collected in the past five years. The maximum reduction is

five percentage points. For example, for someone who has drawn between 21 and 40 weeks of benefits within the last five years, the benefit rate will drop from 55% to 54%. As the claim history started in July 1996, the intensity rule did not effectively start to apply until early 1997.

The objective of this rule is to discourage the use of EI as a regular income supplement but not to penalize excessively those who make long or frequent claims. Claimants who are receiving the Family Supplement are exempt from the intensity rule. It also does not apply to special benefits (maternity, parental, and sickness). As well, working while on claim can provide an opportunity to earn more money to offset the intensity rule.

The intensity rule affected 532,570 claims or 35.2% of all regular and fishing claims in 1998/99. This is an increase of two-thirds over 1997/98. Regular and fishing benefits were reduced by about \$86.3 million or about \$8.55 a week per affected claimant. This is up from 1997/98, when benefits were reduced about \$5.70 a week. About 20,000 fishing claims were affected by the intensity rule. This represents 77% of all fishing claims. This is up significantly from 1997/98 when just over one-half of fishing claims were affected. The percentage of fishing claims affected by the intensity rule is more than double that of regular claims.

The changes over the past year are consistent with the maturing of the provisions within the EI program. In 1997/98 nearly all affected claims had a one-percent benefit reduction. However, in 1998/99, 56% had their benefit reduced by one-percent point and 34% experienced a two-percent reduction. An evaluation study by Pierre Fortin and Marc Van Audenrode indicates the relatively small benefit reduction as a result of application of the intensity rule, may not be discouraging frequent use of the program, particularly in areas where there are few job opportunities. (Please refer to Annex 2.18.)

Since frequent program usage is associated with seasonal jobs, the impact of the intensity rule is higher in the eastern provinces than in the western provinces and Ontario. Thus, in Prince Edward Island, Newfoundland and New Brunswick, the percentages of regular and fishing claims affected by the intensity rule are 66.5%, 60.2%, and 58.7% respectively. The impact is much lower than in Quebec, where 41.4% of claims were affected. Alberta was least affected by the intensity rule.

About 71% of affected claimants were men, suggesting that men were more likely to make frequent EI claims. About 8% of these claimants were under age 25 and more than 55% were between 25 and 44 years old. These figures are consistent with the observation that, as we move towards older age categories, the percentage of claimants affected by the intensity rule increases. This phenomenon may be due to a combination of two factors. One is that young claimants have limited labour force experience and they have had less opportunity to use the program than people between 25 and 44 years old. The other factor possibly implied by the results is that job stability declines with age.

In summary, the changes over the past year are consistent with the maturing of the intensity provision within the EI program. These provisions which were designed to discourage frequent use affected a substantial number of all regular and fishing claims and reduced regular and fishing benefits by about \$86.3 million. This amounts to about \$8.55 a week per affected claimant.

## VII. SMALL WEEKS ADJUSTMENT PROJECTS

In May and August of 1997, small weeks adjustment projects were introduced in 29 high-unemployment EI regions. The pilot projects addressed EI claimants' disincentive to accept small weeks of work. It allowed claimants to either "bundle" or



“exclude” any weeks of work deemed to be “small” (weeks with earnings under \$150) in the calculation of weekly benefits for the purposes of EI benefits. When the projects expired on November 14, 1998, a new pilot project was introduced for a period of up to three years because more data and time were required to assess disincentives to accept small weeks of work. The new project is now in effect in the 29 regions that participated in the initial pilot projects, as well as in two other EI regions, namely Hull (Quebec) and Sudbury (Ontario). The new project only allows claimants to “exclude” small weeks in the calculation of the weekly benefit. Experience suggests that this method is easier to explain and understand, less costly to administer, and produces exactly the same benefits as the “bundling” method.

The analysis in this year’s report focuses on final data from the initial pilot projects and preliminary data from the new project. In regions that qualify for small weeks adjustment projects, a significant proportion of established claims included small weeks. Data from the initial projects indicate that between May 1997 and November 1998, 11.7% of all claims established in qualifying regions included small weeks. Preliminary data from the new project (from November 1998 to March 1999) indicate that proportionately about the same number of people made claims with small weeks.

Data from the initial projects also show that the majority of claims with small weeks (88%) came from Quebec and the Atlantic region. This outcome was expected, because projects are directed towards high unemployment regions. Quebec alone accounted for half of the claims with small weeks. This is because highly populated regions such as Montreal and Quebec City participated in the projects.

In the new pilot project, claims with small weeks constituted a relatively high percentage of all claims filed in the following areas: Yarmouth (19.1%); Eastern

Nova Scotia (19.0%); Trois-Rivières (18.1%); Prince Edward Island (17.4%); and Labrador (16.5%). Preliminary data from the new project indicates substantial increases in a number of regions. The largest increases were in Sherbrooke (Quebec) up 4.0 percentage points to 19.0%, Quebec up 2.2 percentage points to 17.2%, Southern Coastal B.C. up 2.7 percentage points to 8.1%; and St. John’s (Newfoundland), up 1.8 percentage points to 13.3%. The two new regions, Hull (Quebec) and Sudbury (Ontario), had take up rates of 6.0% and 7.1% respectively.

At the low end of the spectrum, claims with small weeks in the initial pilot projects constituted only 3.5% of all claims in Eastern Ontario, 3.0% in Yukon-Northwest Territories, and 1.5% in Northern Manitoba. In the extended projects, only Eastern Ontario exhibited a substantially higher percentage of claims with small weeks growing 1.4 percentage points to 4.9%.

Women filed 61% of all claims with small weeks during the initial pilot projects. They were almost twice as likely as men to file claims with small weeks. Claims with small weeks accounted for 17% of all EI claims made by women and about 8% for men. Data from the new project indicates that the gap between men and women has increased. In the new project such claims accounted for about 19% of all EI claims made by women and about 8% for men. The higher participation rate of women in the projects could reflect their greater likelihood of working in non-standard employment, as noted in Chapter 1.

Individuals in the 15 to 34 age group accounted for almost half the claims with small weeks (45%) in the initial pilot projects. In the new project, these individuals represent 46% of all small weeks claimants.



The average benefit level of participants in the initial pilot projects was \$209. This constitutes \$16 or 8% more than they would have received without the projects. In addition, 15% of participants qualified for the Family Supplement, and almost 72% of them were women. Data from the new project shows little change in these figures. An HRDC evaluation supports these findings and also indicates that there was a significant increase in the number of small weeks worked in response to the initial projects.<sup>8</sup>

In the initial projects, about 49% (82,732) of participants were subject to the intensity rule, because they had a history of frequent claims. However, only 42% (71,130) of the participants actually had their benefit rate reduced; the others were not affected because they qualified for the Family Supplement, and were exempt from the intensity rule. In the new project, about 53% (28,358) of small weeks claimants were subject to the intensity rule, but only 46% (24,768) actually had their benefits reduced.

In summary, the small weeks adjustment projects have enabled a significant number of workers to collect higher benefits and maintain a greater attachment to the labour market. Further analysis will be provided on the new project as additional data becomes available.

## VIII. CONCLUSION

Total payments to EI beneficiaries increased by 1.5% to \$10.2 billion in 1998/99. Changes in total benefit payments reflect the number of individuals making claims, the number of weeks over which they collect benefits, and the weekly amount of benefits that they receive. In analyzing these factors, we found that the slight increase in total benefit payments is due mainly to the 1.9% increase in the average

weekly benefit level for all claims. The total number of claims remained virtually unchanged from the previous reporting year and the duration of benefit entitlement increased only very slightly.

With respect to regular benefits, we found slight declines in new claims (0.6%) and benefits paid increased (0.5%). These changes reflect overall improvements in the labour market over the past year and significant adjustments in some industrial sectors, particularly mining, gas and oil and certain seasonal industries.

With respect to special benefits, total payments increased by 4.5% and the number of claims established increased by 4.8%. There were also increases in average weekly benefits for all types of special benefit claims, possibly linked to increases in wages and top-ups under the Family Supplement. A significant increase (8.5%) in sickness claims was also noted. Since this follows a two-year period in which sickness claims declined by 1.8%, further investigation is needed to determine the significance of the recent increase.

Some elements of the reform appear to be having the intended effect. Results suggest that the divisor rule and entitlement under the hours-based system are encouraging individuals to increase their work effort and improving access to the system. In addition, the top-up provided by the Family Supplement is providing higher levels of benefits to a smaller but better targeted group of claimants. While the 1997 data does not yet display the full impact of the benefit repayment provisions in EI, the number of people who repaid benefits increased slightly (0.7%) in 1997 in comparison to 1996.

The final results from the small weeks adjustment projects have been quite positive. We found that the projects have enabled a significant number of workers to collect higher benefits and maintain a greater attachment to the workforce.

<sup>8</sup> "An Evaluation of the Impact of the 1997-1998 Small Weeks Projects", HRDC, forthcoming.

Preliminary indications from the new project show that similar results can be expected as we move forward.

The impact of program changes on frequent users though is more difficult to evaluate. The intensity provisions, which were designed to discourage frequent use, affected 532,570 claims or 35.2% of all regular and fishing claims and reduced regular and fishing benefits by about \$86.3 million. This amounts to about \$8.55 a week per affected claimant. Despite the application of the intensity rule and a 5.7% decline in new frequent claims, this group received 42.9% of all regular and fishing benefits paid in 1998/99. Total benefit payments to frequent claimants was \$3.4 billion, virtually unchanged from the 1997/98 level.

Results for fishers are also difficult to evaluate. It was expected that the reform would help contribute to adjustment in the fishery and reduce the extent of reliance on EI fishing benefits. However, analysis indicates that there has been very little change in terms of number of new claims and total benefits paid since the EI changes were implemented. The analysis also indicates that a number of factors have contributed to maintaining fishing benefits at a relatively high level. Among these are the increase in multiple claims, the slightly longer duration spent on benefits and the relatively high levels of fishing revenues, since the reform. However, the most significant aspect of the reform affecting benefit levels is the apparent lowering of the eligibility requirement under the dollar-based system. The lower eligibility requirement seems to be encouraging new entrants into the fishery as evidenced by the increase in first time and occasional claimants.

Results also indicate that the provisions in the *EI Act* that allow beneficiaries to work while on claim or earn up to \$50 a week or 25% of weekly benefits (whichever is higher) do not seem to be having a

discernible impact. This indicates that other factors may have outweighed the impact of the \$50 floor. One of these factors may be the lack of awareness.

## Chapter 3 — Employment Benefits and Support Measures

In this chapter we provide an update on the new partnerships with the provinces and territories under the Labour Market Development Agreements. We report on Part II Employment Benefits and Support Measures during their third year of operation. While this chapter examines the results of Employment Benefits and Support Measures from 1997/98 to 1998/99, we also compare this year's results with trends identified from last year's report.<sup>9</sup>

In what follows, we will look at:

- the progress made towards implementing the Labour Market Development Agreements;
- the phase-out of direct Training Purchases and implementation of Skills Development;
- the number of interventions, associated costs and clients served;
- the implementation of the results-based accountability framework; and
- findings of the first of the evaluations designed to report on implementation issues associated with delivery of the Employment Benefits and Support Measures.

We conclude with a discussion of the Transitional Jobs Fund and an introduction to the Canada Jobs Fund, introduced on April 1, 1999 to assist employers in creating sustainable jobs in high unemployment areas.

Much of the information presented in this chapter is national in scope. Regional variations are noted where appropriate. Such variations are to be expected given

different labour market circumstances across the country.

### I. PARTNERSHIPS WITH PROVINCES AND TERRITORIES

The *Employment Insurance Act* commits the Government of Canada to work in co-operation with provinces and territories to put in place active labour market measures that would better help unemployed Canadians integrate into the labour market. These active measures are known as Employment Benefits and Support Measures (EBSMs). The Act also established a framework to ensure that key guidelines are respected in their administration. Guidelines include:

- a focus on results;
- evaluation of outcomes;
- promotion of co-operation and labour market partnership;
- local decision making;
- elimination of unnecessary overlap and duplication;
- encouraging personal responsibility for getting back to work; and
- ensuring service to the public in both official languages where there is significant demand.

While reference is made throughout this chapter to "EBSMs", the term also refers to provincial/territorial programs and services that, for reporting purposes, are categorized according to similar HRDC employment benefits and measures. These active labour market measures delivered by provinces and territories are part of a program framework that is supported under Part II of the *Employment Insurance Act*. Provincial and territorial active measures generally have different names and are subject to provincial flexibility in design and delivery. (Please refer to Annex 1.2. for a

<sup>9</sup> Some comparisons are made to 1995/96 figures, however, it is important to note that there is a different program and eligibility framework in place today than existed in 1995/96 under the former *Unemployment Insurance Act*.



description of the specific Employment Benefits and Support Measures.)

### **1. The Agreements**

In May 1996, the Government of Canada made an offer to all provinces and territories to develop federal-provincial-territorial partnerships to respond to the specific needs of unemployed Canadians in each province/territory and to the conditions of individual labour markets.

Following this offer, eleven Labour Market Development Agreements (LMDAs) have been concluded between the Government of Canada and the provinces and territories. In accordance with the 1996 proposal, Alberta, New Brunswick, Manitoba, Quebec, Saskatchewan and the Northwest Territories assumed responsibility for the design and delivery of active employment measures funded through the EI program. These transfer agreements also included functions of the National Employment Service that may differ from one agreement to the next.

The LMDAs were signed and implemented at different times, and implementation of the transfer agreements was gradual to allow the province/territory to adjust to the responsibilities assumed under the agreement. The agreements with Quebec, Saskatchewan and the Northwest Territories were implemented during the 1998/99 reporting period.

Newfoundland, Nova Scotia, British Columbia, Prince Edward Island, and the Yukon opted for a co-management approach. This means that the Government of Canada and each provincial/territorial government jointly assumed responsibility for the planning, design, and evaluation of active employment measures, while HRDC continues to deliver programs and services through its service delivery network. In Nova Scotia, the agreement is known as a framework for strategic partnership.

Since the co-management agreements were implemented upon signature, all were in place over the reporting period 1998/99. Joint federal-provincial-territorial management structures have been established and co-operation for the full range of labour market delivery strategies has been developed.

Discussions are underway regarding possible agreements with Ontario and the new territory of Nunavut. An amendment to the Northwest Territories agreement is also expected as the population of Nunavut is currently being served under the Northwest Territories agreement. British Columbia is in the process of negotiating a transfer agreement for the design and delivery of active employment measures. (Please refer to Annex 3.1 for an overview of the Labour Market Development Agreements.)

### **2. Evaluations of Labour Market Development Agreements**

A joint federal-provincial process has been established in each province and territory<sup>10</sup> to evaluate the programs and services delivered under the LMDAs. Most agreements require that designated officials establish a joint evaluation committee to support and oversee the EBSM evaluations. The joint committee involves representatives from the provinces/territories and HRDC (regions and NHQ). This year's report presents findings from the evaluations completed to date, as well as preliminary findings from those underway.<sup>11</sup>

<sup>10</sup> Under the terms of the Canada-Quebec Labour Market Implementation Agreement, Quebec is responsible for conducting its own evaluations of the EBSMs. Expert federal and provincial representatives provide input on target setting, the conduct of the evaluations, and the reporting of results.

<sup>11</sup> The timing of the evaluations has been highly dependent on the timing of the agreements. Evaluations are complete for provinces and territories with which agreements were reached by late 1996 or early 1997. In instances where agreements were not signed until 1998, evaluations are still in progress or have not yet



Evaluation data from seven jurisdictions is included: Alberta, British Columbia, New Brunswick, Newfoundland/Labrador, Nova Scotia, Ontario<sup>12</sup>, and Quebec<sup>13</sup>.

Core evaluation studies were based on the EI guidelines established in the Act (not all issues are reported in this chapter). These early evaluations focus on design, delivery and implementation issues. Further evaluations will be conducted after the agreements have been in place for three years and will provide extensive information on impacts.

We discuss key evaluation issues in this chapter under the following broad themes: accountability and information; harmonization of programs and services; local flexibility; co-operation and partnerships; official language issues; and access to programs and services.

### **Accountability and Information**

The information provided in the annexes reflects delivery of programs and services under both co-managed and full transfer agreements. We note that information has improved over last year; however, data integrity and data capture systems continue to present a challenge given the complexities and incompatibilities when exchanging data between provinces/territories and HRDC. These issues were

raised in the evaluations and in the context of on-going federal/provincial/territorial discussions.

Evaluation studies reported that, in general, day-to-day reporting of management information was problematic (for example, producing client and intervention activity reports). In some cases, local software was incapable of producing daily reports, and reports on results produced by National Headquarters were not sufficiently timely. The evaluations suggested that there is a need to clarify definitions and the use of results measures to obtain more detailed data, to enhance the connectivity between systems, and to improve the timeliness and accuracy of data entry and reporting. HRDC and provinces/territories are working together to manage and resolve these issues.

Notwithstanding these challenges, the data outlined in the Annexes provide a reasonable picture of how employment programs and services are faring across the country. Caution is advised, however, if making comparisons across provinces/territories due to variances in reporting, definitions, and completeness of data capture.

### **Harmonization of Programs and Services**

Evaluation findings identified that there was little overlap between programs offered by the two orders of government. Most jurisdictions reported greater efficiencies and the creation of economies in the delivery of program and services. One co-managed jurisdiction noted that although federal and provincial governments continued to offer employment-related programs, there was no apparent overlap as the programs targeted either different clients or the same clients at different stages in the process of returning to work. On the other hand, some jurisdictions reported minor overlap, such as that among third-party service deliverers when too many providers served a common geographic area. Many

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begun, but they are generally required at the end of the first year of implementation of the provincial programs and services supported under the agreement. In addition, although all of the LMDAs have evaluation as a term of agreement, the exact focus of each evaluation has been determined in consultation with provincial and territorial partners.

<sup>12</sup> A labour market development agreement between the Government of Ontario and the Government of Canada has not yet been concluded. As the *EI Act* calls for the monitoring and assessment of the EBSMs, an evaluation of the Ontario Region EBSMs has been conducted and is reported here.

<sup>13</sup> Results for Quebec are based on qualitative data from Phase I of their evaluation.

interviewees believed that these service delivery issues were temporary and would be resolved, as delivery agents became familiar with their new roles.

### **Local Flexibility**

We note that the flexibility to tailor programs and services to local needs appears to be one of the main successes of the labour Market Development Agreements (LMDAs). Qualitative evidence from the evaluations consistently indicated that Employment Benefits and Support Measures (EBSMs) were sufficiently flexible to be adapted to local needs. EBSMs were viewed as broad in scope and flexible in interpretation, thereby allowing decisions to be tailored to the circumstances of the community. Some service delivery managers indicated that increased flexibility had translated into higher quality service and greater program relevance.

It was suggested, however, that a high level of local autonomy also presented drawbacks. For example, in some instances, local staff in several service delivery areas developed similar procedures. This led to some inefficiency that interviewees believed might have been reduced by more co-ordination and planning. Another price of flexibility appeared to have been a loss of consistency. Provincial governments working with more than one service delivery office needed to accommodate different priorities and ways of doing business.

Some interviewees suggested that greater co-ordination and exchange between local service delivery offices in terms of policy, procedures and "best practices" would facilitate decision making, promote consistency and bolster confidence among front line staff.

### **Co-operation and Partnerships**

The evaluation data suggested that the LMDAs contributed to growing partnerships

between and within governments (departments/ministries), but that the process has demanded a large investment of time and energy. Strengths included a strong willingness to work together, and a common commitment to maintaining client service throughout the implementation process. In some cases, co-operation was judged to have facilitated the project review process, uncovered opportunities for efficiencies and economies, and enabled a broader client reach. Challenges arose primarily from confusion as to roles and responsibilities of the various players, poor communication, insufficient staffing levels, and a sense that too little time was allotted to planning and training. One evaluation concluded that co-ordination might have been greatly enhanced had there been a dedicated project manager at the provincial or regional level to oversee the LMDA implementation, trouble shoot, and promote communication.

Whereas the LMDA process may have provided an opportunity to strengthen inter-government partnerships, the evaluations indicated that links to the community and employers require strengthening. For the most part, community involvement in planning has been limited to third-party service providers. Partnerships with local employers also have been rare, and employers seldom have been brought into the consultation and decision-making loop. Again, this shortcoming has been attributed to insufficient time and attention to planning, "marketing" and communication. In the first year of implementation, staff have focussed on service to clients and co-ordination issues.

It should be noted, however, that there have been some examples of successful community capacity building. The local flexibility built in to EBSM delivery means that some local service delivery offices have been more successful than others in fostering community/employer partnerships. For example, where local offices strategically positioned community

partnerships in their planning process and actively pursued them, community groups responded enthusiastically. Partnerships also were reported to work well in smaller and rural communities where there was already a solid co-operative spirit, and where there was a commonality of interest among community members. Other key success factors included commitment of adequate financial resources, a history of community partnerships, strong relationships with regional development authorities, and clear objectives and realistic expectations on the part of partners.

## II. PHASE-OUT OF DIRECT TRAINING PURCHASES

### 1. *The Phase-Out*

1999-2000 is the final year for the phase-out of the Training Purchases employment benefit. In keeping with the federal withdrawal from labour market training announced by the Prime Minister in November 1995, and reiterated in the Throne Speech of February 1996, the *Employment Insurance Act* required that direct Training Purchases be phased out by June 30, 1999. To manage the Phase-Out of Training Purchases activity over the phase-out period, agreements were signed with provincial/territorial governments. The new approach is to provide assistance for individuals to access training opportunities through the Skills Development employment benefit.

### 2. *Skills Development*

The Skills Development (SD) employment benefit, the new name for Skills Loans and Grants, directly helps insured participants to make their own arrangements for training, thereby obtaining skills for employment. Clients receive financial assistance towards their tuition and other costs.

Because tuition only represents a portion of the cost of training at public institutions, provinces/territories expressed concern that

the shortfall in comparison with the full costs that were paid for EI clients under Training Purchases would seriously reduce the capacity of public training institutions to serve clients. Accordingly, HRDC and provinces/territories worked together to modify Skills Development to ensure the ongoing capacity of public training institutions within the client-centred approach upon which SD is based. As a result, the design of SD was modified so that the province or territory would be reimbursed for the financial support that they provide to public training institutions, the difference between tuition collected and full course costs with respect to EI clients.

## III. INTERVENTIONS

The Employment Benefits and Support Measures themselves can be divided into three main groups (long-term, short-term and other EBSMs) with significantly different characteristics. The Employment Benefits, which are long-term interventions, include Skills Development (formerly Skills, Loans and Grants and Enhanced Feepayer), Self-Employment, Targeted Wage Subsidies, and Job Creation Partnerships. The short-term interventions include Employment Assistance Services (EAS), Counselling, and Group Services.<sup>14</sup> The other EBSM activities, such as Research and Innovations and Labour Market Partnerships, are not geared towards direct services to individual participants. These measures are aimed at testing new ways of helping people become productive participants in the labour force, and building national, provincial and local level capacity to deal with human resource requirements and labour force adjustments. EBSMs are also delivered under pan-Canadian activity but are reported separately in this chapter. To be eligible for these interventions, individuals must have a current EI claim or one that ended in the preceding three years or have had a maternity or parental claim

<sup>14</sup> Counselling and Group Services may also be delivered under EAS through a third-party.



that began in the preceding five years (after which they left the labour market to care for children).

### **1. Long-Term Interventions**

Long-term interventions are normally more than a few weeks in duration and involve financial assistance either to employers, third parties, or individuals to prepare clients for employment. Clients participating in long-term interventions generally face more severe labour market barriers.

For example, in high unemployment areas, clients are more likely to require specific skills or new skills to compete for available jobs. Hence, there may be a greater reliance on training, a long-term intervention.

The optimum use of long-term interventions is dependent on labour market circumstances. For example, urban areas with relatively buoyant economies may be able to make more effective use of Targeted Wage Subsidies or the Self-Employment benefit. In rural areas with high unemployment, Job Creation Partnerships may be the most appropriate type of intervention for some clients.

The trend toward a declining percentage of long-term interventions is evident. These interventions accounted for only 41.5% of the total interventions in 1998/99 compared to 45.4% in 1995/96 (Please refer to Table 1 on page 35). Among the long-term interventions, Training Purchases remain the most frequently used employment benefit at 34% (89,802). However, as a percentage of long-term interventions, Training Purchases show a continued decline since 1995/96 when Training Purchases stood at 51%. Enhanced Feepayer<sup>15</sup> was the next highest long-term interventions at 28% (74,606). Targeted

Wage Subsidies accounted for 12% (30,629) of long-term interventions, more than double the figure in the previous year. We attribute this rise to an increased emphasis on data capture methods required to record results specifically for this type of intervention.

### **2. Short-Term Interventions**

Short-term interventions are generally limited in duration from a half day to a few weeks and provide counselling and information to help individuals get back to work. In contrast to clients accessing long-term interventions, those clients accessing short-term interventions, are for the most part, labour market ready given the types of jobs available.

A program delivery strategy involving short-term interventions such as Employment Assistance Services (EAS) and Group Services may be more appropriate in areas with relatively low unemployment where jobs are more readily available. Counselling, on the other hand, often precedes entry into training and therefore may be more commonly used in high unemployment areas, as noted under the section on long-term interventions.

Our analysis shows that short-term interventions accounted for 57.5% of the total interventions. Although up only slightly in terms of percentage points from the previous year, this represents a 54% increase since 1995/96. In 1998/99, EAS was used most frequently among short-term interventions, accounting for 53% (194,314) while Group Services accounted for 35% (128,613). EAS accounted for the increase in short-term interventions, more than doubling over last year's figures. However, Group Services and Counselling may also be delivered under EAS, therefore, the overall increase may have been distributed more evenly among the three types of interventions. The increase in short-term interventions also suggests program delivery strategies that are reflective of local

<sup>15</sup> Enhanced Feepayer is considered an early form of the Skills Development employment benefit and refers to clients in receipt of Part I EI benefits and Part II.



labour market conditions as well as client needs and characteristics.

Most jurisdictions showed a clear preference for one type of short-term intervention over another. For example, in Ontario, Group Services accounted for 72% of short-term interventions while individual Counselling accounted for over 70% of short-term interventions in Newfoundland, New Brunswick and Saskatchewan.

### 3. *Other Employment Benefits and Support Measures and Pan-Canadian Activities*

Other EBSM and pan-Canadian activities make up the remaining interventions. These include interventions delivered under Regional Bilateral Agreements as well as interventions delivered under the Fisheries Restructuring and Adjustment program or its predecessor The Atlantic Groundfish Strategy (TAGS).

### 4. *All Interventions*

In total, during 1998/99, there were 640,788 EBSM interventions provided to individuals. This figure represents an increase of 33% in interventions compared to 1997/98, and 45% compared to 1995/96. Overall, the largest number of interventions was in Ontario with 208,036 interventions followed by Quebec at 125,869.

As expected, the mix between long- and short-term interventions across jurisdictions varies due to different client characteristics and local labour market conditions. Ontario, Alberta, Manitoba and British Columbia used short-term interventions most frequently, while

Newfoundland and New Brunswick used long-term interventions most frequently. Other jurisdictions also tended to use long-term interventions more frequently except in Nova Scotia where the two types were about equal.

**Table 1**  
**EBSM and UIDU<sup>16</sup>**  
**Interventions**

Interventions	UIDU 1995/96 # and %	EBSM 1997/98 # and %	EBSM 1998/99 # and %
Total Long-Term Interventions	200,613 (45.4%)	217,759 (45.2%)	266,090 (41.5%)
Total Short-Term Interventions	238,923 (54.0%)	257,732 (53.4%)	368,304 (57.5%)
Other EBSM <sup>17</sup>	2,567 (0.6%)	6,568 (1.4%)	6,394 (1.0%)
Total	442,103 (100%)	482,059 (100%)	640,788 (100%)

Source: Client Data Set  
(For further details, see Annex 3.2.).

## IV. TOTAL BUDGET AND EXPENDITURES

For 1998/99, \$2.5 billion was budgeted for the EBSMs. Of this amount, \$2.25 billion was for active measures under transferred and co-managed agreements and for Ontario. This included \$500 million in Part I income support for EI claimants participating in employment benefits. The remaining \$250 million is dedicated to pan-Canadian<sup>18</sup> labour market activities administered by the Government of Canada that includes some activities administered through the Regional Bilateral Agreements<sup>19</sup>

<sup>16</sup> Unemployment Insurance Developmental Uses.

<sup>17</sup> Other EBSM includes Research & Innovations, Labour Market Boards, Labour Market Partnerships, LMDA Admin, EI adjustments and Pan-Canadian expenditures.

<sup>18</sup> Pan-Canadian activities are described as those that are national or at least multi-jurisdictional in scope or purpose, or activities that respond to special labour market situations that extended to, or affected, the country as a whole, or a significant area of the country and that could be described as one of national importance.

<sup>19</sup> Regional Bilateral Agreements involve signed agreements with Aboriginal organizations to assist their clients to prepare for, obtain and maintain employment. Under this arrangement,

for Aboriginal peoples and activities in support of youth employment.

During 1998/99, \$2.5 billion was spent on EBSMs as compared to 1997/98 and 1995/96 when \$2.1 billion and \$1.8 billion were spent, respectively. The \$2.5 billion total expenditures for 1998/99 included \$490 million in Part I income support benefits for EI claimants participating in the EBSMs, while Part II expenditures amounted to roughly \$2.0 billion.

About 67% of the total EBSM expenditures was spent on long-term interventions. We note that as a percentage of total expenditures, expenditures on long-term interventions show a continued decline since 1995/96 – corresponding to the same decline in the

percentage of long-term interventions mentioned above. On the other hand, in 1998/99, expenditures on short-term interventions accounted for approximately 12% of total expenditures - a 30% increase over the previous year and more than triple the expenditures since 1995/96. (Please refer to Table 2.)

The continued rise in short-term intervention expenditures can be attributed directly to the increase in expenditures under EAS.

The remaining 21% of total expenditures under "Other", went to Labour Market Agreement (LMA) administration costs or other EBSMs that included Research &

Innovations, Labour Market Boards, Labour Market Partnerships, and pan-Canadian expenditures. The increase over previous years is mostly attributed to the LMA administration expenditures and an increase of \$76.1 million in pan-Canadian expenditures since 1997/98.

Under Part II expenditures about \$163 million was spent regionally on Local Labour Market Partnerships. Another \$114 million in Part II was spent on administration costs for the transfer of LMDAs (Please refer to Annex 3.4). In addition, the pan-Canadian allocation delivered regionally accounted for \$167.2 million. Also, \$63.4, million was spent on Research and Innovations and Labour Market Partnerships at the national level (Please refer to Annex 3.5).

Table 2			
EBSM and UIDU Expenditures by Intervention (\$000)			
Interventions	UIDU 1995/96	EBSM 1997/98	EBSM 1998/99
	Income Support/UI Chargeback	Part I and Part II	Part I and Part II
Total Long-Term Interventions	1,704,574 (92.5%)	1,564,805 (78.2%)	1,679,255 (67.0%)
Total Short-Term Interventions	80,669 (4.4%)	237,932 (11.9%)	310,528 (12.4%)
Other	57,460 (3.1%)	197,573* (9.9%)	516,362 (20.6%)
Total	1,842,703 (100.0%)	2,000,310 (100.0%)	2,506,145 (100.0%)
Source: Client Data Set and Corporate Management System (For further details, see Annexes 3.3, 3.4 & 3.5).			
* Does not include \$20.2 million LMDA capacity costs nor \$52.6 million National pan-Canadian costs.			

Among the long-term interventions (Part I and II expenditures), approximately \$594 million (24%) was spent on Training Purchases followed by \$517 million (21%) on Enhanced Feepayer. Among the short-term interventions, no expenditures were recorded against either Group Services or Counselling since these are largely salary items recorded under departmental operating budgets. This has the effect of

Aboriginal organizations can design and deliver their own labour market programs.

under-estimating the costs for short-term interventions as a whole. We noted earlier that Counselling and Group Services are often delivered under Employment and Assistance Services (EAS) where the cost of administration is built into the EAS contract. It should also be noted that EAS often provides a platform for universal services made available to all the unemployed.

The shift towards short-term less costly interventions in 1997/98 has continued in 1998/99, which in turn has led to more clients being served. The shift is due to a number of factors, one of which, is the increase in the use of program funds to support employment services through the Employment Assistance Services. A second factor may be the removal of one-size-fits-all program design, allowing, for example, variable length for Self-Employment and individually negotiated assistance for income support to individuals who participated in interventions.

Expenditures for Job Creation Partnerships, Local Labour Market Partnerships, Training Purchase and Skills Loans and Grants reported in the Departmental Performance Report (DPR) are different than the expenditures reported in this section. The DPR is based on the best information available at the end of August and does not necessarily reflect year-end figures. In addition, expenditures in the DPR refer to Part II costs only.

## V. COST PER INTERVENTION

Average costs for interventions are calculated in terms of both Part I and Part II expenditures. The average cost for long-term interventions was about \$6,300 in 1998/99 compared to \$7,200 in 1997/98 (Please refer to Annex 3.6). The continued decline in cost from 1995/96 may be attributed, in part, to local and provincial tailoring of programs to suit client and labour market needs. Average costs for short-term interventions are not discussed

in this section. Similarly, other non-client based programs such as Labour Market Partnerships are excluded from average cost calculations.

Among the long-term interventions, the highest average cost intervention was Self-Employment at \$11,775, due to the longer duration of the benefit. Targeted Wage Subsidies showed the lowest average cost at \$4,352. This could be due to a number of factors including the absence of Part I costs associated with Targeted Wage Subsidies, the shorter duration of the intervention or the amount of subsidy paid to the employer.

Comparing average costs across jurisdictions presents a challenge in an asymmetrical service delivery environment. In addition, average costs for Training Purchases and Enhanced Feepayer are not available in some jurisdictions due to coding differences between expenditures and participants. Expenditures and clients for both these interventions were combined as an attempt to reflect a more realistic average cost (Please refer to Annex 3.6).

We note in Annex 3.6 some average costs for the Northwest Territories and the Yukon may be skewed due to the low number of participants. Also, in order to reflect a meaningful average cost for Quebec interventions, the additional \$93 million spent by the province to complement the Government of Canada's contribution to assisting EI claimants is factored into the calculation.

## VI. CLIENT PROFILE

### 1. General

EI clients are eligible for employment benefits and support measures. These insured clients include active claimants and former claimants who had a claim within the last three years (five years for maternity and parental claims). In addition, non-insured clients are eligible for services under the National Employment Service, including



## Counselling and Employment Assistance Services.

Of the 501,633 clients served in 1998/99, active claimants made up over 66% (335,470). Former claimants made up roughly 15% (74,336) of the total number. In addition, 91,827 clients (18%) were non-insured clients.

Of the 409,806 EI clients served (active and former claimants), active claimants made up 82%, while former claimants made up 18%. We note that the participation of both active and former claimants, as a percentage of EI clients, remained roughly the same as the previous year. (Please refer to Annex 3.13).

In 1998/99, the highest percentage of clients served was workers aged 30 to 44 (41.8%). Overall clients were more likely to be men (58%), reflecting higher labour force participation rates for men. (Please refer to Annex 3.7). The client to intervention ratio was 1.28 interventions per client. When discussing participation rates of various groups, all interventions are counted as opposed to the number of individual clients.

## 2. Designated Groups

HRDC provides information on the participation in employment programs and services of the four designated groups – women, persons with disabilities, Aboriginal peoples, and visible minorities. This practice will continue as part of the reporting on the LMDAs. However, as information on designated groups is dependent on self-identification, some under-reporting will exist. Contributing to this problem in 1998/99 is incomplete data capture on clients. Overall, this results in general under-representation across the country.

## Women

Our analysis shows that the overall participation rate of women in EBSM was 43%, up slightly from 42% in the previous two years. New Brunswick, Prince Edward Island, Quebec, Ontario and Manitoba show higher participation rates for women than the national average in 1998/99. The participation rate for women increased by almost seven percentage points in Job Creation Partnerships, and by two percentage points in Targeted Wage Subsidies. Overall, there appears to be an increase in women's participation in long-term training type interventions over the previous year. However, there was a slight decrease in women's participation in Self-Employment. (Please refer to Annex 3.8.)

In 1998/99, 501,633 clients were served under EBSM with women representing 211,224 (42.1%). Of that number, 135,571 (64.2%) were active claimants, 32,706 (15.5%) were former claimants and 42,947 (20.3%) were non-insured clients who participated in Employment Assistance Services or Counselling services. The eligibility criteria related to claimants who had a maternity or parental claim that began in the preceding five years resulted in 2,775 women accessing EBSMs.

## Persons with Disabilities

We found that the participation rate for persons with disabilities decreased to 1.6% in 1998/1999 from 3.6% in 1997/98 and 2.0% in 1995/96. The decrease was consistent across the country except for Newfoundland where it rose from 4.38% in 1997/98 to 5.2% in 1998/99. Part of this decrease can be attributed to problems with past reporting practices, while some may also be attributed to a lack of self-identification.

Participation of persons with disabilities in short-term interventions decreased across the country from 3.4% in 1997/98 to 1.7% in 1998/99. Long-term interventions showed a



similar decrease, from 3.7% to 1.5% in the same period. The participation rate decreased across all interventions except Employment Assistance Services (EAS), which increased from 2.9% in 1997/98 to 5.7% in 1998/99. This increase is attributed to the increased use of EAS to contract with organizations representing disabled persons. (Please refer to Annex 3.9.)

### **Aboriginal peoples**

The participation rate for Aboriginal peoples includes those served under Regional Bilateral Agreements (RBAs) and those who self-identify when served under regular EBSMs. The associated costs of \$82 million are part of the pan-Canadian allocation for RBAs. (Please refer to Annex 3.5.)

Our analysis indicated that the participation rate for Aboriginal peoples in employment programs and services remained at approximately 4% in 1998/99. Similar to the fluctuation in overall interventions, Aboriginal peoples participating in short-term interventions increased by less than a percentage point from last year whereas participation in long-term interventions decreased by just over one percentage point. Within the long-term interventions, the participation rates for Targeted Wage Subsidies, Self-Employment, Job Creation Partnerships, Enhanced Feepayer and Training Purchases all decreased slightly from the participation rates in 1997/98. In keeping with the phase-out of direct training purchases, Aboriginal peoples participating in Project Based Training decreased to 4.1% in 1998/99 from 13% in 1995/96 and 1997/98. Among the short-term interventions, Aboriginal peoples participating in Employment Assistance Services rose to 4.8% while individual Counselling indicates a 3.8% participation rate.

Overall, across the country participation rates for Aboriginal peoples in 1998/99 showed a decrease, except for Manitoba

where the participation rate rose to 12.8%. As an improvement to the 1998/99 report, the Northwest Territories and Yukon are reported separately. This resulted in higher Aboriginal peoples participation rates, 14.5% and 60% in the Yukon and Northwest Territories respectively (Please refer to Annex 3.10). The 1997/98 report combined data for British Columbia and the Yukon, and for Alberta and the Northwest Territories.

### **Visible Minorities**

We saw that the participation of visible minorities in employment programs and services decreased slightly from about 4% in both 1995/96 and 1997/98 to 3% in 1998/99. The decrease in the participation rate was mostly consistent across the country with an approximate decrease of 1 percentage point in each province. Figures for the province of Quebec are unavailable as the province's system did not capture data for the participation of visible minority clients in 1998/99. Visible minority participation in long-term interventions decreased slightly from 3.3% in 1997/98 to 2.8% in 1998/99. Short-term interventions showed a larger decrease from 7.1% in 1997/98 to 3.0% in 1998/99. (Please refer to Annex 3.11.)

## **VII. ACCESS TO PROGRAMS AND SERVICES**

### **1. *Official Languages***

As in previous reports, the use of official languages was examined in 1998/99 as part of the evaluation of EBSMs to determine access to services and levels of satisfaction concerning official languages. The evaluations used client surveys, focus groups, and document review to examine the extent to which services and program delivery were available to clients in their language of choice. Under co-management agreements, labour market programs and services continue to be offered by HRDC in compliance with the *Official Languages Act*.

Transfer agreements contain commitments by the provinces and territories to ensure that programs and services will be delivered in both official languages where there is sufficient demand.

Evaluations to date suggest that the demand for service in either official language has been met, and that all clients have been able to receive service in their language of choice. In some jurisdictions, however, demand for service in French has been very low (estimated at less than 2%). In one such low-demand situation, service delivery offices were still able to cost-effectively deliver services in French<sup>20</sup> by having one contractor provide French language services for all of the offices.

## **2. Other Client Access Issues**

An important objective of the evaluations was to determine whether the programs and services delivered under the LMDAs are relevant to the needs of the individual client. Key informant and focus group data suggest that EBSMs have been highly relevant to the needs of the EI client group, and that the majority of active EI clients are being reached. In two jurisdictions, these findings were substantiated by participant survey data which indicated that 80 to 90% of participants reported no difficulty at all in accessing EBSMs.

The high level of access observed among the EI client group, however, presents only a partial picture of the level of EBSM access among the full population of clients served by local offices. Although the Act defines the client group for EBSMs (namely EI clients), one of the most consistent findings of the evaluations was a low level of service to non-EI clients.

There was also a concern regarding the level of access to EBSMs in terms of balance within the eligible client group defined in the Act. It was believed that an overemphasis on short-term employment and savings results encouraged targeting of active EI claimants and those with a greater chance of labour market success.

The short-term success indicators are meant to provide a direction in terms of how quickly clients are finding employment. While these short-term success indicators are important, HRDC and all jurisdictions continue to stress the importance of a balanced client portfolio. To that end, a special project is underway to develop a methodology to determine the impact of interventions over time, and to provide managers with information that will support the achievement of a balanced portfolio.

## **VIII. EMPLOYMENT BENEFITS AND SUPPORT MEASURES RESULTS**

We note that in the third year of EBSM implementation, progress continued toward implementing a results-based accountability framework. Key operational indicators to inform regions, provinces/territories, and partners of results achieved were reported on a quarterly basis.

Three success indicators identified in the Labour Market Development Agreements (LMDAs) are:

**EI clients returning to employment:** the number of insured participants (including current and former Part I claimants) who are working in paid employment and have received support through active programs;

**Unpaid Part I benefits to EI claimants:** the amount of unpaid benefits, based on the difference between the maximum entitlement to regular income benefits and the actual payout in such benefits;

<sup>20</sup> The second phase of the evaluation that will be done in Quebec will provide information on access to English language services in Quebec. These results will be reported in the 2000 report.

**EI claimants served:** the number of current Part I claimants accessing EBSMs. In some agreements, this indicator is a minimum number that must be served; in others, it is a minimum percentage (normally 65%) of all claimants served under the agreement. The first of these indicators, returns to employment, assesses the full Part II activity structure for clients receiving documented interventions, from the half-day information sessions to the longer-term training and self-employment benefits. The second indicator reveals potential unpaid benefits that result from Part I claimants getting back to work before the end of their benefit period.

As specified in the Labour Market Development Agreements (LMDAs), the estimates for the targets are based on the results achieved in the previous year and the amount of funding for the benefits and measures for the coming year. The target setting exercise has the flexibility to allow for changes in labour market conditions and program design and delivery. Target setting is part of an annual bilateral process between HRDC and the provinces and territories. (Please refer to Annex 3.12 for details of 1998/99 targets and results by province and territory.)

In 1998/99, our records show that 267,108 EI clients returned to work, which represents a 46% increase over last year. The results for Group Services clients are tracked separately. These results include clients who are active claimants only and who participated in a group session where the content was geared toward getting claimants back to work quickly. Of the total returns to work, Group Services accounted for 74,810 (28.0%) compared to 26,798 (15%) in 1997/98.

Apprentices are also tracked separately for results purposes. In 1998/99, returns to work for apprentices accounted for 21,487 (8.0%) of total returns, compared to 22,312 in 1997/98. As a result of Employment Benefits and Support Measures (EBSMs)

administered through RBAs, 2,680 Aboriginal clients returned to employment, an increase of 1,180 clients over 1997/98.

Unpaid benefits reported in 1998/99 totalled \$917.55 million, a 36% increase over the previous year. Unpaid benefits achieved as a result of a Group Services account for \$432.46 million or 47% of the total unpaid benefits, compared to \$176.32 million (26%) in 1997/98.

In 1998/99, \$165.95 million in unpaid benefits were attributed to clients in apprenticeship programs, compared to \$166.5 million in 1997/98. Unpaid benefits achieved through RBAs decreased from \$6.4 million in 1997/98 to approximately \$5.5 million in 1998/99.

Results in any one jurisdiction must be considered in terms of the mix of programs and services offered to clients, the needs of the client population, and the labour market characteristics. For some types of interventions, expenditures in one year do not produce results until the following year; therefore, current year results cannot be directly related to current year expenditures. On the other hand, some jurisdictions show very high results due to utilizing a planning strategy that increases initial service to clients through community partners, including the expanded use of Group Services. By definition, these short-term interventions have the ability to serve many clients and produce higher results in a given year.

The "EI claimants served" indicator is meant to indicate the degree of access for active EI claimants to active measures. Targets are set in the annual LMDA annexes for each fiscal year as mentioned above. The number of EI claimants who access provincial benefits and measures is expressed in the annexes as an actual number or as a percentage of EI claimants served under the agreement. Variations exist in the definition of this indicator from agreement to agreement. Overall, the



administrative data show that 81.9% of the 409,806 EI clients served were active claimants and 18.1% were former claimants. Although some under-reporting of former claimants may be involved, service to active claimants continues to be a priority. Please refer to Annex 3.13 for a report on EI claimants served by province/territory.

In general, the success indicators show that more clients are being reached and are participating in EBSMs. Corresponding to the increase in participation is a significant achievement of results over last year, particularly in clients returning to employment.

### **1. Labour Market Information Services – Results**

HRDC has developed several information products that are made available to all Canadians, especially those in receipt of EI benefits. These products, and those developed by certain provinces, acting alone or in collaboration, offer information about specific jobs needing to be filled in local labour markets, general analysis of job trends, career information, job search techniques, etc.

The success indicator, Overall Usefulness, is based on a rating of usefulness in four result categories reported by clients who used the products. These result categories are: usefulness in searching for work, usefulness in finding work, usefulness for helping to make career related decisions, and help in making the decision to return to school or take further training. The measures are obtained through random sample client surveys including: clients on EI benefits, general Canadians who were looking for work but were not in receipt of EI benefits, and the population in receipt of Social Assistance. For 1998/99, 72% of respondents indicated that one or more of the information services was useful.

This is the first year where the index was used to measure the success of Labour Market Information Services (LMIS) from the perspective of worker clients. Past measurement focused exclusively on help in finding or searching for work. Further, this year the measurement approach was improved by instituting a five-point scale in the question response categories. These changes make it difficult to compare to previous year results.

## **IX. TRANSITIONAL JOBS FUND**

The Transitional Jobs Fund (TJF) was implemented on July 1, 1996 as a temporary program to facilitate the adjustment to the new EI program in areas of the country that had a high unemployment rate. Many of these areas had large numbers of people with seasonal jobs who had come to rely on UI for income support. TJF fostered the creation of incremental and sustainable employment in these high unemployment areas. The program, which had a budget of \$300 million from the Consolidated Revenue Fund, ended on March 31, 1999.

We note that over the life of the program, approximately 1,080 projects were approved resulting in the creation of more than 30,000 new jobs across Canada. In addition, based on the Phase 1 Evaluation of the program, TJF was successful in its objective to partner with others including the private sector and regional economic development agencies. For every TJF dollar spent, over \$9 was contributed by the other community partners. The jobs created were in many sectors of the economy such as manufacturing (43%), forestry and agriculture (14%), sales, service and tourism (14%), and technology (7%).

A Phase II evaluation will be initiated later this year. It will address the following elements: the long-term impact of job creation on individuals, their families and their communities; the sustainability of the jobs and businesses; the community



development that has occurred as a result of the program; and the cost-benefit of the program.

## **X. CANADA JOBS FUND**

Although the national unemployment level has been reduced since 1996, certain regions of the country still have not fully benefited from the economic recovery. The Canada Jobs Fund (CJF) was therefore introduced on April 1, 1999 as a permanent program. With an annual budget of \$110 million from the Consolidated Revenue Fund, CJF targets regions with an unemployment rate of 10% or greater and areas with systemic, prolonged and significantly high unemployment and works with various partners to assist communities to become self-reliant.

The Canada Jobs Fund represents an ongoing commitment by the Government of Canada to work in partnership with the provinces and territories, the private sector and community partners to create lasting jobs in areas of high unemployment. A formal Memorandum of Understanding with Industry Canada, the Department of Indian and Northern Development and regional economic development agencies has been signed to ensure effective co-ordination and assessment of CJF project proposals as well as strategic planning.

National operational guidelines and monitoring tools have been developed to assist program officials in the effective delivery of the Canada Jobs Fund. Also, an evaluation strategy has been put in place and the accountability framework is being strengthened. This information will be available in next year's report.

## **XI. CONCLUSION**

We conclude that further progress has been made in concluding and implementing the Labour Market Development Agreements (LMDAs). As evidenced in the evaluations, the flexibility to tailor programs and services

to local needs appears to be one of the major successes of the LMDAs. Early evaluations suggest that growing partnerships between governments have resulted in successful harmonization of federal and provincial programs.

Clients are participating in more EBSMs and overall more clients are being served. Overall the proportion of long-term interventions is continuing to decline, however, the use of Targeted Wage Subsidies doubled in 1998/99. Short-term interventions increased to 57.6% of all interventions in 1998/99, contributing to the increase in clients served. The shift in expenditures to short-term interventions under Employment Assistance Services has resulted in lower average costs per intervention.

For 1998/99, we indicate that 267,108 EI clients returned to work, a 46% increase over last year. Unpaid benefits totalled \$917.55 million, a 36% increase over last year. Results from Group Sessions also increased over the previous year, representing 28% of returns to work and 47% of unpaid benefits in 1998/99. Improvements in data capture contribute somewhat to the overall increase in results data.

Training Purchases have been phased out and Skills Development employment benefit has been successfully implemented.

The Transitional Jobs Fund program ended on March 31, 1999. Over the life of the program, more than 30,000 new jobs were created across Canada. TJF was also successful in creating partnerships with others including the private sector and regional economic development agencies. Under the new Canada Jobs Fund, the creation of more sustainable jobs will continue.



## Chapter 4 — Community Adjustment

### I. INTRODUCTION

This chapter presents the findings of the 1999 round of the ongoing Employment Insurance (EI) research known as *Tracking the Future: A Community Perspective*. Community Perspective focuses on the monitoring and assessment of the reported adjustment to the implementation and operation of the Employment Insurance (EI) on 14 selected communities across Canada.

Both qualitative and quantitative methods are used in this research. The qualitative methods draw on interviews with community leaders,<sup>21</sup> plus focus group sessions with EI recipients and non-EI recipients, employers, and service delivery workers in each community. The quantitative methods rely on HRDC and Statistics Canada data. The HRDC data in this chapter comes from a special set of administrative data from the 14 communities. As such, the results may differ from those provided in Chapter 2 because the data in that chapter is derived from Canada as a whole. Results from both qualitative and quantitative analysis provide an account of adjustment to EI within the 14 communities over time.

The 1999 Community Perspective focus group sessions were conducted from May to July 1999. Focus groups are an important part of *Tracking the Future* because they provide an excellent forum where groups and individuals can express their different perceptions and experiences. In the case of EI, this type of information can help to provide a picture of how people in selected groups and communities feel about EI, its

delivery and effectiveness. Qualitative methods are also important to the identification of relationships that are difficult to determine using other methods of analysis.

Where appropriate, the results of the 1999 Community Perspective are compared with the results of the 1998 round.<sup>22</sup> The most significant change in the analysis is that the 1999 Community Perspective added a set of focus groups consisting of unemployed individuals who had not received EI. It also took a closer look at the building of local level capacities to meet internal and externally imposed adjustments.

### II. OVERVIEW OF THE 14 COMMUNITIES

The 14 communities that are the subject of this research were selected to represent a broad spectrum of communities across Canada. Two general selection criteria were used: (1) there had to be at least one community from each province; and (2) there had to be sufficient variation among communities in terms of geography, type (urban/rural), level of unemployment, use of both official languages, and work patterns (seasonal/non-seasonal).

The 14 selected communities are:

- Clarenville, Newfoundland
- Prince Edward Island
- Truro, Nova Scotia
- Miramichi, New Brunswick
- Repentigny, Quebec
- Montreal Centre East, Quebec
- Toronto Centre, Ontario

<sup>21</sup> Examples include HRCC managers and representatives from local economic development agencies, chambers of commerce, social service organizations, community colleges or training institutions.

<sup>22</sup> The results of the 1998 round of Community Perspective were summarized in the 1998 Monitoring and Assessment Report.

- Hamilton, Ontario
- St. Boniface, Manitoba
- Prince Albert, Saskatchewan
- Calgary, Alberta
- Kelowna, British Columbia
- Surrey, British Columbia
- Yellowknife, Northwest Territories.

### **III. 1999 COMMUNITY PERSPECTIVE RESULTS**

#### **1. Knowledge and Understanding of EI**

An important development since the 1998 Community Perspective was the improved understanding of the calculation of Employment Insurance (EI) benefits. For example, seasonal workers in the Atlantic region communities are becoming increasingly aware that the minimum divisor and the number of weeks they worked in the last 26 weeks were used to calculate their benefit levels. They also understood that working fewer weeks than the minimum divisor would negatively affect their weekly benefit levels. If this were the case, one would expect the proportion of claims based on the minimum and minimum plus one insured weeks to diminish after the implementation of the EI reforms. Indeed, this was the case. According to aggregate administrative data for the 14 communities, only 3.3% of EI claims with regular benefits that were established in 1997/98 (and 3.5% of those established in 1998/99) were based on the minimum and minimum plus one insured weeks. This represents a substantial decrease from the corresponding figure of 6.6% in 1996/97.

Also, in the 1999 Community Perspective there was an increased awareness of EI overpayments. Some people who participated in the focus groups said that they had received letters about discrepancies in reported earnings, and that they had been subject to penalties for misrepresenting their earnings. They said that even small errors could trigger an action from EI Investigation and Control.

As a result, in situations where they did not have exact figures, some claimants felt that they could not provide close approximations of their earnings without running the risk of being penalized. These persons believed that such situations acted as a disincentive to work while on claim.

#### **2. Access to Information on EI Benefits**

There was no reported change in participants' ability to access information about EI. They continued to obtain information through pamphlets, brochures, etc. Members of focus groups noted that they had little personal contact with staff at the HRCC, and that they would like to have more personalized services. For some participants, obtaining consistent information on EI continued to be a concern. In this regard, at least half of HRDC staff felt that while better information about EI was being provided within the HRCC, co-ordination with provincial information services could be improved.

#### **3. Qualification and Entrance Requirements for EI**

At least two-thirds of participants in the focus groups for non-EI recipients did not have the necessary hours to qualify for benefits. The majority tended to be youth and women. Participants felt that, with EI entrance requirements, it was increasingly difficult for new entrants/re-entrants to qualify for EI benefits.

Analysis of the aggregated administrative data from the 14 communities on Records of Employment (ROEs) with no associated claims shows that of all these ROEs issued in fiscal 1998/99, 57.7% did not have enough hours to qualify for EI. This figure is up about 6% over 1997/98 and 1.5% over 1996/97 (when the EI reforms were implemented).

Furthermore, participants felt strongly that the extent to which the hours-based system



is perceived as being fairer than the previous system depends on the type of job and industry in which a person is employed. As noted in the 1998 Community Perspective, workers in seasonal industries such as construction, mining and agriculture indicated that it was easier for them to qualify for benefits under the new system. However, part-time workers in the education, retail and service sectors felt that it was more difficult for them to qualify for EI.

HRDC staff indicated that an increasing number of people appeared to be quitting their jobs for reasons of stress or illness and were in receipt of sickness benefits. There was also the perception that people who voluntarily quit their job and did not qualify for regular benefits were able to receive sickness benefits. Analysis of the aggregated administrative data from the 14 communities indicates that the proportion of claims commencing with sickness benefits increased about 10% between 1997/98 and 1998/99. This increase is consistent with the results reported in the Special Benefits section of Chapter 2.

#### **4. EI Benefit Levels**

Many focus group participants said that their weekly benefit levels were lower under EI. In contrast, administrative HRDC data indicates that the average weekly benefits rose (slightly) from 1994 to 1998 in the majority of the 14 communities. There could be several sources for this discrepancy. For example, one possible explanation is that claimants who face a higher cost of living may erroneously attribute their diminishing buying power to lower benefits. Another possible explanation is that the higher average benefits may be the result of a reduction from UI to EI (due to changes in rules governing eligibility) in the proportion of persons with lower benefits levels.

As noted in the 1998 Community Perspective, under EI provisions such as

the lower maximum weekly benefit and the clawback, high-income workers were less likely to collect benefits continuously when they did not really need them. In addition, workers who wanted to change their jobs for better employment conditions were reluctant to quit their current jobs before finding new ones. By continuing to work, they could reduce two risks: (1) exhausting their eventual EI benefits when they really needed to have the benefits; and (2) failing to find more satisfactory employment after having quit their current jobs. Some employers in the Atlantic region reported that seasonal workers were asking to be laid off just before work slowed down, so that their EI benefit rate calculations would yield a higher benefit level.

#### **5. Length of Claim and EI Entitlement Weeks**

In these 14 communities, HRDC staff stated that claimants were likely to find work earlier in their claim, and the claimants themselves said that the length of their claim was adequate. At the same time, quantitative analysis suggests that people in Atlantic communities were staying on claim for more of their entitlement period than their counterparts in the other communities.

The aggregated administrative data from the 14 communities shows that the duration of entitlement for EI claims with regular benefits that were established in 1998/99 was 33.6 weeks, and that it remained reasonably unchanged from 33.4 weeks in 1997/98 and 33.1 weeks in 1996/97. The number of weeks of benefits was not available for 1998/99 but had been fairly stable at 22.8 for claims established in 1997/98 and 23.1 weeks for those established in 1996/97.

#### **6. Working While on Claim and EI Work Credits**

Many participants in the focus groups had limited knowledge of the positive effect that working while on claim could have on their

claim history. As was the case in the 1998 Community Perspective, the current Community Perspective found that many people would only work while on claim if they could earn more than they received while on EI. This resulted in many focus group participants indicating that they were reluctant to accept part-time jobs.

Quantitative analysis did not reveal trends that would support this observation. Thus, while final 1998/99 data is not available, the aggregated administrative data from the 14 communities shows that a relatively constant proportion of EI claims with regular benefits had a reduction in benefits due to work-while-on-claim. For claims established in 1997/98, this figure was 6.8%, slightly up by less than 1% from 1996/97.

While penalties associated with overpayments have made participants more conscientious about what they reported when they worked while on claim, participants who received overpayments and/or penalties tended to be less willing to work while on claim as a result of their experience, or felt discouraged from declaring earnings altogether.

## **7. Worker and Employer Behaviour**

During the 1999 Community Perspective focus group sessions, some participants reported that their behaviour changed as a result of the changes brought about by EI. For example, seasonal workers in the Atlantic region were increasingly aware of the effect of the minimum divisor when calculating their benefit level. Consequently, to positively affect the amount of EI benefits they received, they recognized the need to work more hours in the last 26 weeks of their employment.

There were also comments regarding the positive impact of EI reforms on the attitudes of youth towards work. Focus group participants thought they had more new incentives to find jobs than to rely solely on EI. People in at least half of the

focus groups said that there is a greater incentive for youth to find jobs under EI.

As was the case during the 1998 Community Perspective, few employers in this round reported changing their employment behaviour as a result of the change to an hours-based system. Information gathered throughout the focus groups points to the conclusion that there were other variables that were driving employment behaviour. These include other employer premiums and the general labour market conditions faced by employers.

Overall, it is important to note that many focus group participants stated that work behaviour was more a function of the economy and the labour market than of EI reforms. For example, due to the seasonal nature of their economy, seasonal workers in the Atlantic region continued to report that they could not change their work patterns in order to benefit from EI reforms that might apply in other lines of work.

## **8. Financial Effects and the Interaction Between EI and Social Assistance**

The majority of workers reported that they relied on a variety of alternatives to cope financially while they were unemployed. These included: savings, credits cards, bank loans, spouse's income, and RRSPs. For some, the alternatives included living at home with parents for a longer period.<sup>23</sup> Focus group participants did not report an increased use of social assistance as a source of financial support. In most communities, it was also reported that tighter eligibility criteria for social assistance

<sup>23</sup> Research based on COEP data indicated that only 12% of the unemployed experienced a drop in household consumer spending one year following job loss. This could indicate that workers used other resources such as the ones listed here. See "To What Extent is Spending Reduced as a Result of Unemployment", Strategic Evaluation and Monitoring, Evaluation and Data Development, HRDC.

were making it more difficult for people to receive assistance.

### **9. Record of Employment**

The new Record of Employment (ROE) form requires employers to report the total insurable hours worked by employees. Employers indicated that they were receiving calls from the local HRCC to reconcile discrepancies between the ROEs they issued and information reported by claimants.

While many employers found the new approach much simpler than that of the UI system, those who employed workers with gaps in employment (i.e. with periods of no insurable earnings) continued to report an increase in the administrative burden associated with EI due to the hours-based system. For those people with even one period with no insurable earning (i.e. one gap), employers had to complete a separate chart that would break down the insurable earnings by pay period. Employers had to complete a ROE form for almost all of their employees, including many who had gaps, thereby increasing the total time spent completing forms.

### **10. Abuse and Misuse of EI by Workers and Employers**

There was a growing awareness among workers and employers of the severity of penalties under the EI system. The increased awareness of the activities of HRDC's Investigation and Control Branch was reducing the tendency of workers and employers to use the EI system fraudulently. Working "under the table", however, was perceived as being more prevalent than was reported during the 1998 Community Perspective. This was attributed to prevailing local economic conditions and to policies with respect to undeclared earnings, which have since been reviewed and changed as reported in Chapter 5.

### **11. Access to and Use of Community Resources**

Despite enhanced marketing and promotional initiatives since the 1998 Community Perspective, there continued to be a sense that workers were confused about what services were available and how to access them. The transfer or co-management of Employment Benefits and Support Measures (EBSM) through Labour Market Development Agreements with the provinces/territories, coupled with the delegation of the delivery of many programs and services to third-party providers, contributed to the confusion reported by many people.

HRDC staff and community representatives indicated that there were sufficient resources in the communities. However, HRDC staff in communities where EBSM had been transferred to provinces and territories said that they found it difficult to evaluate the effectiveness of programs and services. They also felt that there was less accountability in co-management agreements because of the increased number of stakeholders.

The programs and services with which workers and employers were most familiar included: training, self-employment assistance, wage subsidies, and job search services. Training was seen as an important means to help workers with few or no skills to become more employable. In communities with few employment opportunities, however, it was felt that it is not useful to train workers for jobs that did not exist.

Focus group participants in the 1999 Community Perspective thought that self-employment assistance programs were effective as means to help workers become self-employed. However, many participants indicated that self-employment assistance programs involve too much financial risk. The east/west split noted in the 1997 Community Perspective (i.e., less support in



the Western Canadian communities for the Self-Employment programs) was not apparent in this round.

The wage subsidy programs were viewed as being effective programs in helping youth to get work experience. These programs, however, were not considered an ideal solution in the case of older workers who did not want to take an entry-level position.

In the 1999 Community Perspective, it was felt that there were relatively sufficient resources for youth. This is an improvement in comparison to the 1998 Community Perspective, where HRDC staff and community representatives indicated that there were gaps in services for youth. However, the needs of older workers were becoming a greater concern. This was because it is very challenging for older workers to find jobs that match their previous levels and salaries.

## **12. Partnerships**

Partnerships were seen as crucial in addressing communities' needs, especially since the role of government in delivering and funding programs and services has changed. Downsizing and funding cutbacks, coupled with a desire to make communities responsible for identifying and addressing their specific needs, resulted in the formation of an increased number of effective partnerships among governments and community organizations.

While many HRDC staff and community representatives agreed that these partnerships reduced duplication of services and addressed gaps in resources, as indicated below, they also believed that there was "still room for improvement".

## **13. Local Level Capacity Building**

During the interviews for the 1999 Community Perspective, community representatives and HRCC staff considered

community capacity building to be activities involving the development of:

- community abilities to build and share knowledge, expertise and infrastructure among their members;
- local mechanisms for communities to identify and meet their economic and social challenges;
- capacity to sustain, maintain and enhance communities' self-sufficiency; and
- development of communities' ability to look into the future and take charge of their own destiny.

HRDC staff and community representatives felt that their communities had the capacity to meet their requirements, but that there was a need for better co-ordination to ensure that human and financial resources were being fully and effectively utilized.

In the Atlantic region and northern communities, there was a feeling that community leaders were overworked. Community representatives were concerned about "burn out" among community workers and volunteers and the loss of some of their most valuable people. In contrast, there was a concern in other communities about not having enough new and fresh ideas, because the key players tended to be the same organizations and people over time.

In about half of the communities, HRDC staff and community representatives said that there needed to be more dedicated financial resources to nurture and expand community partnerships that build on existing local capacity. There was still a concern that local organizations were "competing" for funds to address their own agendas, and a co-ordinated approach was required to foster capacity building at the local level. In addition, representatives from some communities continued to consider government funding an important ingredient for meeting their community's needs. Some community leaders said that they needed to change to a local, more results-driven



approach with outside help in addressing their community's needs.

Some focus group participants felt that local level capacities were not being utilized effectively. In particular, they explained that people did not have the financial resources required to access many of the programs and services available. Moreover, they also maintained that there was not enough knowledge about what was available. They also felt that there was a need for a better awareness and co-ordination of community resources so that gaps could be identified and addressed. It was understood that a transfer of knowledge was taking place from the HRCCs to the community. Thus, services and programs could become more effective once this transfer is complete.

Community representatives and HRDC staff agreed that HRDC should be playing a leading role in helping and supporting communities to build local capacities. In particular, HRDC should be the “catalyst”, “facilitator”, and “co-ordinator” that would bring the partners to the table. In addition, it was felt that HRDC should be involved at the “idea” stage because of its experience and expertise.

#### IV. CONCLUDING OBSERVATIONS

The 1999 Community Perspective found that participants had acquired a better understanding of the calculation of EI benefits. For example, seasonal workers in Atlantic communities were more aware of the effect of the divisor rule and the benefits of working more hours in the last 26 weeks of their employment. However, participants had limited knowledge of the positive effects of working while on claim.

Focus group participants stated that work behaviour was more a function of the economy and labour market conditions than of the EI reforms. However, the 1999 Community Perspective reported some additional evidence of behavioural changes such as seasonal workers' efforts to adjust

their work patterns in order to access high benefits. Some people were also keeping their claim open, but did not claim EI benefits while working. This was in order to delay the use of their entitlements.

The 1999 Community Perspective found some positive developments in the case of youth. There was a general feeling that EI reforms were having a positive effect on the attitudes and work behaviour of youth. Also, in contrast with the 1998 Community Perspective, the 1999 version found that there appeared to be sufficient resources for youth in the majority of communities.

Regarding the building of local capacities, in the 1999 Community Perspective most participating community leaders felt that their community had the capacity to address their needs locally. However, a number of areas were identified for improvement (e.g. better co-ordination, increased awareness of what is available, and the identification of gaps in services and resources). Community representatives and HRDC staff agreed that HRDC should support the building of local capacities by continuing to be involved in the “ideas” stage and by being the “catalyst”, “facilitator” and “co-ordinator” who brings partners to the table.



## Chapter 5 — Program Administration

This chapter reports on measures introduced with EI reform to standardize and ease program administration. Changes made in the areas of financing structure and efforts to provide high quality services to Canadians were examined. The chapter identifies a number of steps taken to ensure effective administration of the *EI Act* and to promote friendly and informative service to Canadians.

### 1. FINANCING STRUCTURE

#### 1. *First Dollar Coverage*

In 1997, EI reform brought in a new method for calculating premiums. Under the new structure, employers and employees pay premiums on all earnings from the first dollar onward, up to an annual maximum of \$39,000. This system is considered more equitable and also easier for employers to administer than the previous one, which used a weekly minimum and maximum for calculating insurable earnings.

The removal of the weekly minimum as a criterion for eligibility had the effect of bringing workers with low incomes into the system. The annual Maximum Insurable Earnings equalized the contributions of workers with similar annual earnings but different work patterns (e.g. seasonal workers). An evaluation by Peter Kuhn indicates that the extension of coverage to those working less than 15 hours resulted in a small 1% increase in contributions to the EI Account, but a larger (2.3%) benefits pay out per job separation (refer to Annex 2.18).

With existing data, it is difficult to isolate the effect of EI reform (from other factors influencing the labour market) on the number of EI contributors and the amount of EI contribution. However, we can assume that individuals who did not contribute in 1996 and had earnings under \$7,800 (old

weekly minimum of \$150 multiplied by 52 weeks) would be most affected by first dollar coverage. For example, individuals with employment earnings greater than \$7,800 likely had at least one week of insured earnings. In 1996, the number of individuals with uninsured earnings less than \$7,800 totalled approximately 618,000. This figure gives an estimate of the number of individuals potentially now contributing to EI in 1997. Under the old system, these individuals were not covered. Furthermore, since 1997, individuals with \$2,000 or less of insured earnings that contribute to EI are now eligible for a full refund of their premiums. (For further information see Section 2 below.)

The removal of the weekly maximum contribution level would most impact individuals with higher weekly earnings. Under the new system these individuals would have to contribute on every dollar earned up to an annual maximum of \$39,000. Initial estimates indicate that between 1996 and 1997 there were noticeable increases in the contribution levels for those earning above \$30,000 within industries characteristically composed of high weekly earners — Construction and Logging & Forestry in particular.

#### 2. *Premium Refunds*

In order to reduce the impact which first dollar coverage would have on low-income earners, individuals with \$2,000 or less of insured earnings were to have their premiums refunded under the EI program. In line with our original estimate, over one million individuals were eligible to receive the refund. However, approximately 40% of these individuals did not file a personal income tax return and consequently did not have their premiums reimbursed. As a result, 693,950 individuals received a

premium refund in 1997. These individuals were refunded over \$20 million. Of those receiving the refund, 59% were women and nearly 42% were under the age of 25. Retail Trade, Accommodation, Food & Beverage Service, and Other Service Industries, typically composed of part-time earners, accounted for 43% of the refund. Almost two thirds of people receiving premium refunds in this sector were women and about half were under the age of 25.

### **3. *New Hires and Federal Youth Hires Programs***

The New Hires Program provided transitional relief to small firms facing an increase in EI premiums in 1997 and 1998. Under the program, small businesses with employer premiums up to \$60,000 in 1996 could be eligible to receive up to \$10,000 of assistance in each of the two years. Firms could receive a 100% refund in 1997 and a 25% refund in 1998 on any total increase in premiums above \$250 compared to what they paid in 1996.

Firms expected to benefit from the program included those who hired new employees and those with part-time employees who paid EI premiums for the first time as a result of moving to first dollar coverage.

Under the New Hires Program, eligible firms have up to three years, from the program's inception, to claim their refunds. For this reason, the monitoring process is ongoing and the information concerning 1997 and 1998 refunds will not be final until 2000 and 2001, respectively.

Revised data from 1997 tax returns reveals that during 1998, 30,000 new firms filed for the refund. The 1997 tax files now indicate that for the first year of the program approximately \$260 million of EI premiums have been refunded to 166,000 small businesses. Revenue Canada estimates that approximately 336,000 employers are eligible for a premium refund and that the number of applications could rise to

between 180,000 and 200,000 – a possible take-up rate of close to 60%. While the projected take-up rate has improved from around 50%, last reporting year, to 60% this year, there are still improvements to be made in increasing awareness of the program.

While data for 1998 is even more preliminary, the current value of employer refunds is about \$75 million involving some 125,000 employers. This compares to an original expectation that the cost in the second year would be \$115 million, but this is again subject to employers submitting claims within three years. (For a summary of the New Hires Program and Federal Youth Hires Program, refer to Annex 5.1.)

In 1999, a new program entitled Federal Youth Hires began. The new program provides EI premium relief for employers who expand their youth payroll in 1999 and 2000. All employers, (not just small businesses) who expand the employment of youth aged between 18 to 24 years old, either by creating new jobs or by giving more work to their current young workers, are now entitled to receive some premium relief. Under the program, the total EI premiums employers pay for youth will be no more than they paid in 1998. Therefore, the amount of the premium relief will depend on the increase in insurable earnings for the target group compared to the 1998 base year, multiplied by the employer premium rate. There will be no maximum premium relief amount.

Anticipated refunds under this program were estimated at \$100 million for each year, but once again the exact amount will depend on the number of young people actually employed by firms and on their earnings. Based on lessons learned from the New Hires Program, a decision was made to adopt a proactive approach to ensure that all eligible employers would quickly receive the refunds to which they were eligible rather than wait for their applications.



## II. QUALITY SERVICE INITIATIVES (QSI)

Government faces a special challenge to achieve economic progress by fully developing our social capacity and human resources. Canadians want the most effective and best possible services from governments. However, they also want governments to demonstrate a compassionate and caring side that builds public trust and confidence in the face of economic pressures. The Department's Quality Service Initiatives (QSI) are designed to address these issues.

An example of HRDC's commitment to quality service can be found in the independent certification of service goals obtained through the ISO 9000 certification process. Two local offices in Belleville and Orillia in the Ontario Region, as well as two offices in the Quebec Region, in Hull and Laval, obtained ISO 9000 certification in 1999, as did the Insurance Operational Training section at National Headquarters.

### 1. *Administrative Simplicity for Employers*

Further to the 1998 Monitoring and Assessment Report, a survey of employers was conducted to establish how satisfied employers were with the new Record of Employment (ROE) form and to estimate cost-savings that were generated for employers. There was also a reference to the application of new information technologies to the ROE. A package of computer-based training for employers on how to complete the ROE is now being developed for release during the summer of 2000.

In March 1999, a survey was conducted with small, medium and large employers - with the staff directly responsible for completing ROEs. More than three quarters (79%) of respondents felt the process was simpler and that the complexity, awkwardness and expense complained of in

a 1993 survey had been addressed by HRDC. Nearly 70% said the process was simpler and took less time and over one half (53%) said that the current ROE process is more cost-effective for their businesses than the previous one.

A service to enable employers to order ROEs over the Internet is also now being offered in three regions. However, it seems that employers are still reluctant to use it. While the reasons are unclear, it could be that employers lack access to the Internet or the knowledge of how to use it.

A laser print of the ROE became available to employers in 1999. Employers may obtain the necessary software if they register with their local HRCC. The software produces ROEs with unique serial numbers and a bar code for security reasons.

Finally, an electronic process that enables employers to transmit ROE data to the Department is under development, and will be available when the Year 2000 certification process is completed. It is important to resolve all security issues regarding information privacy. Information that is electronically transferred must be secure and inaccessible for purposes other than the processing of EI claims.

### 2. *Undeclared Earnings*

The administrative rule was changed in 1999 for claimants who make honest errors more than once in reporting their earnings. This action ensures that local adjudicators of entitlement to EI benefits have the required flexibility to assess the individual circumstances of each case when earnings are not accurately declared.

### 3. *Period of Employment*

An amendment to the definition of "period of employment" was made after consultations with regional and local offices and a preliminary assessment of anecdotal

evidence. The definition of the period of employment will be modified to eliminate assigning undeclared earnings into a calendar week where the claimant did not work or have any earnings. This situation had led to representations from members of Parliament, claimants and organized labour groups. It allows earnings to be more accurately applied to and deducted from benefits in the precise period during which they were earned. It is anticipated that this will result in fewer overpayments for claimants than was previously the case.

#### **4. *Impact Study on Undeclared Earnings***

A full detailed study of the new provisions on undeclared earnings will be made available in the fall of 2000. The purpose of the study will be to identify problems related to the administration of the revised undeclared earnings policy and to ensure that the amended regulation has eliminated the unintended overpayments that were created under the original regulation.

#### **5. *Public Liaison Officers***

This role was first introduced in the late 1980s. Its purpose was to ensure that all EI clients are given the opportunity to understand how the program works. Major changes in legislation, including the Employment Insurance legislation of 1996, along with recent changes in organizational structure have necessitated a liaison between HRDC and its clients. The Public Liaison Officer (PLO) is an essential element in the provision of quality service.

The three main functions of a PLO are (1) providing service delivery advice, (2) improving public knowledge and awareness, and (3) providing specialized services. In general, PLOs assist clients with the EI program and provide general information on the other available services. A PLO can be considered as an "ambassador" of the EI program.

At the beginning of 1999, there were approximately 135 PLOs across the country. With about one million employers contributing to the EI program and over two million clients per year, we are examining how to enhance this activity at the local office level.

In addition, the training packages for PLOs across Canada were reviewed to strengthen the interactive skills of these officers and provide them with new competencies in problem identification and resolution. The training was focus-tested with 15 incumbents of the position and after adjustments was scheduled to be rolled out in the fall of 1999.

#### **6. *Disclosure***

HRDC's penalty-free disclosure policy encourages EI clients (claimants and employers) to make voluntary disclosures to acknowledge any contravention of the *EI Act* or Regulations without being penalized or prosecuted. This policy was to be re-emphasized in October 1999 in a new communication strategy. This is expected to enhance the effectiveness of preventive measures by providing a means for EI claimants to declare errors in statements made on their claims without having additional penalties or prosecutions imposed. It is anticipated that more claimants will disclose such errors knowing that they must only repay the benefits to which they were not entitled.

#### **7. *Group Information Sessions***

Group Information Sessions (GIS) constitute a major Human Resources Development Canada (HRDC) initiative demonstrating the positive way in which the department assists and communicates with its clients. Group Information Sessions have been part of Investigation and Control activities in some regions for a number of years. While the format varied, all claimants were given information about their rights and obligations under the EI program. More

recently, Group Information Sessions have been used as forums that not only provide information on the EI program, but also information on programs and services that may assist the re-employment of clients. Reducing the time on claim and preventing the occurrence of abuse through information and awareness are potential outcomes of this approach.

HRDC will provide regions with comprehensive guidance, procedures and evaluations to ensure that GIS implementation is fair and consistent across the country. An automated data capturing system to gather, track and report on GIS data is being developed.

### **8. Investigation and Control Performance Measures**

The mandate of the Investigation and Control (I&C) program is to detect, deter and prevent fraud and abuse of the EI Account. Although a variety of indicators are used to evaluate and monitor the performance of the program, only total savings to the EI Account resulting from I&C activity are used as an overall indicator of results. This tends to highlight the detection of abuse and misuse portion of I&C's mandate.

In recent years, I&C activities have shifted from primarily focussing on detecting abuses, to prevention and early intervention activities such as GIS. I&C is currently redefining its performance measurement system. The current measures will be expanded through discussions and consultations with internal and external stakeholders to include activities that involve prevention and early intervention indicators. Just as assessing and reporting on savings produced increases in total savings results, prevention and early intervention activities can be encouraged if given more prominence in the performance measurement system.

### **9. Staff Training**

HRDC has redesigned and restructured the development and delivery of training to field personnel. The new training covers 34 topics essential to the delivery of quality service from claim-taking procedures to entitlement/adjudication issues. Half of all the Insurance General Training Modules (GTMs) will be completed by the end of 1999 and will be available and posted to the Intranet for ready access by all staff. The remainder will be finalized and posted by July 2000.

HRDC will continue to review the existing staff-training program to ensure that new approaches are reflected. In addition, the Department continues to be committed to providing the required training and tools to ensure that front line staff can deliver the highest quality of service to Canadians. This is consistent with HRDC's vision and Supporting People initiatives.

### **10. Telephone Services**

The Employment Insurance automated voice response system responds to general EI enquiries and allows claimants automated access to personalized information about payment of benefits. EI clients can also access expert service from 11 Telecentre sites across Canada either via local or long distance telephone service. To ensure that the same level of service is offered throughout the telecentres, a quality assurance program has been developed. National implementation of a telephone service (Teledec) was completed in 1999. Teledec eliminates the need for clients to mail in their report cards by allowing them to make their declaration over the phone and improves service by allowing benefits to be deposited directly into a client's bank account.



## 11. Expanded Internet Services

Information about HRDC programs is available at all Human Resource Centres of Canada, and Telecentres, where professional staff who have received training are able to answer all clients' questions.

In addition, information on HRDC programs is available on the Department's Internet site. Specific information on Employment Insurance, including jurisprudence from Canadian Umpire Benefits decisions and from the Federal Court, is available on the Internet at: <http://www.hrdc-drhc.gc.ca> (under Employment Insurance). This information is important to the decisions made by EI adjudicators and for individuals who appeal those decisions.

The Department is pursuing the establishment of an e-commerce environment in which it will be able to provide quality services to its various clients. Applications for interstate benefits can already be made via telecommunications, as can applications for EI benefits in northern and rural B.C. As well, there will be, as of October 1999, a pilot project with eight employers to provide ROEs through the Internet. The London local office (Ontario) will be running a pilot by March 2000 in taking EI applications by Internet.

## 12. Correspondence Review

A review of all HRDC's publications and correspondence is currently underway to make sure that letters are written in simple plain language, and that the tone of all HRDC's communications is friendly and informative, reflecting the values of the Department. HRDC is also working with partners who can help explain to clients their rights and obligations.

## 13. Plain Language in EI Legislation

Currently, there is a longer-term project to rewrite the *EI Act* in a more understandable language to assist clients, lawyers and stakeholders who must deal with it on a daily basis. The purpose of this project is not just to state the law in simpler terms but to make this large and important body of legislation easier to access. Specifically, we want to ensure that clients can:

- navigate the law in order to respond to specific issues and questions;
- recognize clearly when they have found the pertinent point of law;
- easily understand the text of the appropriate section; and
- locate, retrieve and extract text easily for secondary use.

A great deal of the work needed to ensure easy search and retrieval of text is already finished. Significant progress is expected in 1999/2000.

## 14. Social Insurance Number

The *EI Act* provides for the administration of the Social Insurance Number. Last year, a number of improvements were implemented in response to the Auditor General's September 1998 Report, which raised issues about SIN fraud and increased verification of the number of SIN cards. Integrity has been enhanced by flagging accounts which were dormant over the last five years and by identifying deceased accounts with reference to data banks for Canada Pension Plan/Old Age Security (CPP/OAS) and Revenue Canada. We have taken a number of steps to increase the number of investigations pertaining to the use of the Social Insurance Number. As a result of all these actions, there has been a doubling of SIN investigations and certification of over five million accounts.



### III. CONCLUSION

Changes made in the areas of financing structure as well as efforts to promote friendly and informative service to Canadians are described in this chapter.

In 1997 the *EI Act* began requiring employers and employees to pay premiums on all earnings from the first dollar onward, up to an annual maximum of \$39,000. This was expected to increase the number of contributors to the program. Initial estimates indicate that there were noticeable increases in the contribution levels for those earning above \$30,000 within industries characteristically composed of high weekly earners – Construction and Logging and Forestry in particular.

In order to reduce the impact of first dollar coverage on low-income earners, premiums were refunded for those with \$2,000 or less of insured earnings. A total of 693,950 individuals received a premium refund in 1997, with a dollar value of about \$20 million. A majority of all those receiving refunds (59%) were women and 42% were under 25 years of age. Retail Trade, Accommodation, Food & Beverage Service, and Other Service Industries, typically composed of part-time earners, accounted for 43% of the refund.

The New Hires Program provided transitional relief to small firms facing an increase in EI premiums in 1997 and 1998. During 1998, 30,000 new firms filed for a refund under the New Hires Program. In 1999, a new program entitled Federal Youth Hires began. The new program provides premium relief to employers who expand their youth payroll in 1999 and 2000.

A number of quality service initiatives were also described in this Chapter.

- A survey of employers determined that the new approach to Records of

Employment was less complex and less expensive.

- In response to concerns raised through the monitoring process, the administrative rule was changed in June 1999 for claimants who make honest errors in reporting their earnings. This action ensures that local adjudicators have the required flexibility to assess the individual circumstances of each case when earnings are not declared.
- An amendment to the definition of “period of employment” was also made. This will result in fewer overpayments for claimants than was previously the case. A full detailed study of the new provisions will be made in the fall of 2000.



In 1995, the Budget announced a 10% reduction of EI program costs as part of the government's fiscal restraint measures. When the new EI system was designed, measures were introduced to achieve the necessary savings. The *Employment Insurance Act* requires the Commission to monitor and assess whether the savings expected as a result of the reforms are being realized. Savings were expected to result from:

- reduced income benefits;
- enhanced claimant assistance services; and
- reductions in fraud and abuse.

In the 1998 Monitoring and Assessment Report this chapter described the savings that were realized over the first two years of the reform. This year the chapter will focus on the incremental savings for 1998/99.

### I. DECLINE IN BENEFITS PAID

In Chapter 2, claims initiated within 1997/98 and 1998/99 were reported. Here, changes in benefits paid during the same reference period irrespective of the start date of the claim are examined.

The redesign of Part I income benefits included several major changes to the eligibility and benefit calculation systems. These changes were intended to strengthen insurance principles and work incentives, as well as reduce the overall cost of the program while still providing adequate income support for the unemployed.

The estimated impact of reform in 1997/98, presented to the Standing Committee on Human Resources Development on April 18, 1996, was a 6% decline in total EI benefit payments. The decline in income benefits was projected to be 9% in 2001/02 due to the maturing of specific elements of

the reform, namely the intensity provision, benefit repayment provision and the freeze of the Maximum Insurable Earnings. However, the decline was to be offset by the maturing of the Family Supplement. All impacts were estimated by considering expenditures that would have been paid without EI reform and without any changes in economic conditions.

The 1998 Monitoring and Assessment Report focused on the total decline in EI benefit payments over the period 1995/96 to 1997/98. Over this two-year period, benefits declined by \$2 billion or 16%. Further, it was estimated that roughly half (5% to 10%) of the observed changes in regular EI benefits was due to labour market change while the other half was due to EI reforms.

Many EI reform elements were fully phased in during the first two years and are not expected to produce any further incremental savings for 1998/99. Therefore, the focus in this section is on the incremental savings to income benefit payments stemming from the maturing of the intensity provision, the freeze of the Maximum Insurable Earnings and the maturing of the Family Supplement.<sup>24</sup>

The intensity rule produces incremental savings because this provision reduces weekly payments to regular claimants by an additional 1% for each 20 weeks of EI benefits received over the past 5 years. Since the claims history for EI began in 1996, this provision will not be fully matured until 2001 when some claimants could have their benefits reduced by 5%.

<sup>24</sup> It should be noted that incremental savings from the maturing of the benefit repayment provisions could not be calculated because tax data for 1998/99 was unavailable.

The Maximum Insurable Earnings (MIE) freeze produces incremental savings in cost of the EI program because the maximum weekly benefit does not grow in line with the average earnings, as would have been the case under UI. With the freeze in place, each year more beneficiaries receive the maximum weekly benefit of \$413. The proportion of beneficiaries who receive the maximum weekly benefit increased from 19% of all beneficiaries in 1997/98 to 23% in 1998/99.

The Family Supplement produces incremental new spending under EI because it calls for annual increase of 5% in the maximum benefit rate (from 65% in 1997 to 80% in 2000). In 1998, the maximum benefit rate with the Family Supplement was increased from 65% to 70% and in 1999, it was increased again to 75%.

The "net effect" of the maturing of the Family Supplement, the intensity provision and the MIE freeze over the 1997/98 to 1998/99 period has been estimated using administrative data (the benefit repayment provision cannot be estimated as mentioned earlier). The results indicate that the maturing of these reform elements reduced costs by \$95 million or 0.94%.

It is worth noting that the maturing of the MIE freeze and the maturing of the intensity provision affect men more than women, while the Family Supplement affects women more than men. Overall, the net impact of the maturing elements within EI from 1997/98 to 1998/99 was to reduce payments to men by \$84 million and to women by \$11 million. This represents a reduction of 1.38% in EI payments to men and 0.27% to women.

## II. INVESTIGATION AND CONTROL SAVINGS

### 1. *Increased Penalties for Fraud*

Even though the vast majority of employers and claimants who participate in the EI program are honest, protecting the integrity of the Employment Insurance Account requires that HRDC take steps to detect and prevent fraud. EI introduced more severe fines for claimants and employers, as well as penalties for employer and employee collusion and increased entrance requirements in cases of claimant fraud. These stricter sanctions are intended to reinforce the message that fraud and abuse of the EI program will not be tolerated.

Over the course of 1998/99, an increased emphasis was placed on reducing the amount of abuse and misuse of the EI Account as well as on educating claimants about their rights and obligations while in receipt of EI benefits. The results of these efforts are evidenced in the identified savings to the EI Account as well as in the reduction in the average number of claimants assessed overpayments or penalized for fraud.

Claimants who fail to declare income, for example, can be assessed overpayments when that additional income is detected through control activities. In the majority of cases the failure to report income is unintentional and results in the assessment of an overpayment. In 1998/99 the average number of overpayments per month (23,345) remained at about the same level as in 1997/98 (22,751). However, this represents a reduction of 18.4% in the average number of overpayments per month that occurred prior to legislative change (27,650).

The monthly average number of claimant penalties, where the failure to report income was intentional and a penalty was assessed, was 8,306 in 1998/99. This



represents a 13% reduction when compared to the 15-month period before legislative change (9,405). While it is not possible to conclude that fewer claimants are making a conscious decision to misuse or abuse the program, it may be that activities such as Group Information Sessions are helping claimants to be better informed about the new rules and their obligations under the *EI Act*.

The average number of employer penalties imposed in a month has remained relatively unchanged since 1995. The average penalty for employer fraud in 1998/99 was \$5,500. While this was about the same as the previous year, it is still almost double the value prior to the reform (\$2,818). The most significant factor in 1998/99 has been the provision for fines of up to \$12,000 for issuing or selling false Records of Employment. Penalties for these offences were imposed 57 times in 1998/99 at a value of \$732,000, representing 43% of the \$1.7 million worth of employer penalties.

## **2. Increased Entrance Requirements**

Beginning in January 1997, claimants who receive a penalty for an offence under the *EI Act* are required to have additional hours of work to qualify for subsequent benefits. Such claimants who re-apply for benefits without having met the additional entrance requirements create savings in terms of benefits that are not paid out.

As reported last year, these cases were beginning to appear in the last quarter of the 1997/98 fiscal year as claimants began to re-apply for benefits after having been penalized on a previous claim. In 1998/99, these cases resulted in savings to the EI Account of over \$3 million.

## **3. Group Information Sessions**

In the shift from detection- to prevention-type activities, an increased emphasis has been placed on communicating the

department's messages to our claimants in person.

Over the course of the 1998/99 fiscal year, efforts were made to promote the use of Group Information Sessions (GIS) more widely throughout the country. While the timing of these sessions may vary by region, the goal is to have most claimants attend a session at some point in their claim. The GIS is typically given in conjunction with staff who are knowledgeable about the Employment Insurance program and, in many instances, staff who are aware of re-employment programs and services offered by HRDC and provinces or territories.

The objectives of the GIS are to help EI claimants return to work more quickly, thereby reducing their dependency on the EI Account. The sessions are designed to help make claimants more aware of their rights and obligations under the *EI Act*, provide answers to frequently asked questions about their claims and inform them about the programs and services that are available to assist in their search for re-employment.

Sometimes though a claimant may fail to attend a session. Since attendance is mandatory, HRDC follows up and uncovers abuse or fraud. For instance, we may find that a person has started back to work and not told us, that he or she is out of the country, or that he or she is not willing to fulfil his or her obligations of actively looking for work.

Savings from GIS can result from preventing and/or recovering overpayments of benefits. In 1998/99, the Group Information Sessions resulted in additional savings to the EI fund of \$182 million.

## **4. Total Investigation and Control Savings**

In 1998/99, Investigation and Control (I&C) staff across the country reported

\$702.7 million in total savings from honest errors and cases of fraud and abuse of the EI Account. These savings reflect overpayments and administrative penalties, as well as the value of benefits that have been prevented from being paid out as a result of an I&C intervention. This represents a saving of \$11.88 for every dollar spent on I&C activity in 1998/99.

Of course, earlier interventions prevent the continued inappropriate payment of benefits and result in reduced overpayments and less financial hardship for claimants. These savings accounted for 51.2% of the total I&C savings in 1998/99, up from 46.6% in 1997/98 and 44% in 1996-97.

The Investigation and Control program will continue to move in this direction. Early interventions, wherever possible, will be accompanied by an increased focus on preventing misuse/abuse from occurring in the first place. Group Information Sessions, which have already been more widespread than in previous years, will be further expanded and are a cornerstone activity of the shifting focus to increased prevention.

### III. CONCLUSION

The *Employment Insurance Act* requires the Commission to monitor and assess whether the savings expected as a result of the reforms are being realized. Savings were expected to result from reduced income benefits, enhanced claimant assistance services, and reductions in fraud and abuse.

The results reported in this chapter build on those reported in the 1998 report, when a \$2 billion or 16% drop in benefit payments was observed for the period between 1995/96 to 1997/98. Further, it was also estimated that roughly half (5% to 10%) of the observed changes in regular EI benefits in this period were due to labour market change while the other half was due to EI reforms. For 1998/99, the results show that the net effect of the maturing of the Family Supplement, the intensity provision and the

MIE freeze over the 1997/98 to 1998/99 period reduced the cost of EI by \$95 million or 0.94% of EI payments. Payments to men were reduced by 1.38% or \$84 million, and payments to women were reduced by 0.27% or \$11 million.

In 1998/99, the Group Information Sessions resulted in additional savings to the EI Account of \$182 million, and Investigation and Control (I&C) activity reported \$702.7 million in total savings from overpayments, penalties and fines. This represents a saving of \$11.88 for every dollar spent on I&C activity in 1998/99.

## Chapter 7 — Conclusion

In this third of five annual EI Monitoring and Assessment reports, we have examined how individuals, communities, and the economy are adjusting to the reforms introduced under the *Employment Insurance Act*. The focus of the analysis is on the period from April 1, 1998 to March 31, 1999 – the second full fiscal year the Employment Insurance system was in place. Data for 1998/99 is compared to data for 1997/98. Trends identified in the 1998 Monitoring and Assessment Report are also discussed.

The following brings together the conclusions from each of the preceding chapters in the report and discusses key results observed for:

- how the economy is adjusting;
- income benefits provided under Part I of the new Act;
- employment benefits and support measures delivered under Part II;
- community adjustment;
- impacts by gender, age, province and industry;
- program administration; and
- savings achieved.

### I. HOW THE ECONOMY IS ADJUSTING

With each succeeding year, it becomes more difficult to isolate the independent impact of EI reforms on the economy. The analysis does indicate though that Canadian labour markets performed well in 1998/99, and the economy generated more net job growth than any fiscal year since 1979/80. During this period, employment grew by just over 400,000 (2.9%), from 14.04 million in 1997/98 to 14.44 million in 1998/99. About 85% of employment growth was in full-time jobs.

Employment growth also extended across most of the country, lowering unemployment significantly in virtually all provinces. Between 1997/98 and 1998/99, the average monthly unemployment rate dropped from 9.0% to 8.1%. Wage gains between the period were modest with weekly wages of salaried employees increasing by 1.5% and those of hourly paid employees increasing by 1.8%.

### II. INCOME BENEFITS

For income benefits, we have looked at changes in benefits paid, the number of new claims established, the length of entitlement, and weekly benefits. In addition, we examined individual elements of EI reform to see whether they are having the intended effect. To the extent possible, we have commented on the changes observed by gender, age, region, and industry.

In 1998/99, there were about 1.8 million new claims for EI benefits, about the same number as 1997/98 (+0.1%). The breakdown by type of benefit is as follows:

- regular claims dropped slightly by 0.6% to 1.5 million claims;
- fishing claims decreased by 3.2% to 26,100 claims; and
- special benefits claims increased by 4.8% to 389,280 claims.

Total income benefits paid amounted to \$10.2 billion in 1998/99, an increase of 1.5% from 1997/98. The breakdown by benefit type is as follows:

- regular benefits increased by 0.5% to \$7.8 billion;
- employment benefits increased by 5.4% to \$490 million;
- work sharing benefits increased by 141% to \$16 million;



- fishing benefits increased by 1.3% to \$218.0 million; and
- special benefits increased by 4.5% to \$1.7 billion.

Our analysis indicates that some elements of the reform appear to be having the intended effect. Results suggest that the divisor rule and entitlement under the hours-based system are encouraging individuals to increase their work effort and improving access to the system. In addition, the top-up provided by the Family Supplement is providing higher levels of benefits to a smaller but better targeted group of claimants. The number of people who repaid benefits also increased slightly (0.7%) in 1997 in comparison to 1996.

The final results from the small weeks adjustment projects have also been quite positive. We found that the projects have enabled a significant number of workers to collect higher benefits and maintain a greater attachment to the workforce. Preliminary indications from the new project show that similar results can be expected as we move forward.

The impact of program changes on frequent users though is more difficult to evaluate. Despite the application of the intensity rule and a 5.7% decline in new frequent claims, this group received 42.9% of all regular and fishing benefits paid in 1998/99. Total benefit payments to frequent claimants was \$3.4 billion, virtually unchanged from the 1997/98 level.

Results for fishers are also difficult to evaluate. It was expected that the reform would help contribute to adjustment in the fishery and reduce the extent of reliance on EI fishing benefits. However, analysis indicates that there has been very little change in terms of the number of new claims and total benefits paid since the EI changes were implemented.

Results also indicate that the provisions in the *EI Act* that allow beneficiaries to work while on claim or earn up to \$50 a week or 25% of weekly benefits (whichever is higher) do not seem to be having a discernible impact. This indicates that other factors may have outweighed the impact of the \$50 floor. One of these factors may be the lack of awareness.

### III. EMPLOYMENT BENEFITS AND SUPPORT MEASURES

We provided an update on the new partnerships with the provinces and territories under the Labour Market Development Agreements (LMDAs) and reported on Part II Employment Benefits and Support Measures (EBSMs) during their third year of operation. Specifically, we looked at:

- the progress made towards implementing the LMDAs;
- the phase-out of direct Training Purchases and implementation of Skills Development;
- the number of interventions, associated costs and clients served;
- the implementation of the results-based accountability framework; and
- findings of the first of the evaluations designed to report on implementation issues associated with delivery of the EBSMs.

Analysis shows that further progress has been made in concluding and implementing the LMDAs. As shown in the evaluations, the flexibility to tailor programs and services to local needs appears to be one of the major successes of the LMDAs. Early evaluations suggest that growing partnerships between governments have resulted in successful harmonization of federal and provincial programs. Training Purchases have been phased out and the Skills Development employment benefit has been successfully implemented.



Results indicate that clients are participating in more EBSMs and overall more clients are being served. Overall long-term interventions are continuing to decline; however, the use of Targeted Wage Subsidies rose dramatically in 1998/99. Short-term interventions increased significantly in 1998/99, contributing to the increase in clients served. The shift in expenditures to short-term interventions under Employment Assistance Services has resulted in lower average costs per intervention.

For 1998/99, 267,108 EI clients returned to work, a 46% increase over last year. Unpaid benefits totalled \$917.55 million, a 36% increase over last year. Results from Group Sessions also increased sharply over the previous year.

Finally, we also noted that the Transitional Jobs Fund program (TJF) ended on March 31, 1999 and was replaced with the Canada Jobs Fund. Over the life of TJF, more than 30,000 new jobs were created across Canada. TJF was also successful in creating partnerships with the private sector and regional economic development agencies. Under the new Canada Jobs Fund, the creation of more sustainable jobs will continue.

#### IV. IMPACTS BY GENDER

Throughout this year's report, an attempt was made to provide more information on the impacts of EI by gender. Our analysis of the Canadian labour market context found that women's employment rose by 3.2% — the highest percentage increase this decade — whereas employment for men rose by 1.9%. Over the past four years, employment growth averaged 2% annually for women and 1.5% for men. We also noted that women's average educational attainment has risen more rapidly than men's in the 1990s and there are proportionally fewer women than men at the lowest educational levels. We believe this is important because analysis shows a

strong link between educational attainment and labour market outcomes, with higher educated people faring better in today's economy.

In analyzing EI income benefits, we found that new claims for regular benefits made by women decreased by 3.8% in 1998/99 versus a 1.5% increase for men. Women's share of new claims was about 1% lower than in 1997/98. We concluded that the 3.8% decline in new claims for women could be traced to a substantial (7.7%) drop in claims with longer employment spells. Analysis at the industrial sector level tended to support this conclusion showing substantial declines in new claims for sectors where women are highly represented such as Finance and Insurance, Education, Health and Social Services and Government Services. The rise in new claims for men can be partly traced to changes in sectors where they are highly represented, particularly to the mining, oil and gas sector as well as in seasonal industries such as logging and forestry and fishing and trapping.

When we analyzed frequent claims we found that the figures for men were 3.4% lower than in 1997/98, while those for women were 10.3% lower. We observed this change was consistent with their decrease in new regular claims and also reflected women's lower likelihood to work in seasonal jobs.

When we considered the elements of EI reform, we found that about 63% of all claimants who received the Family Supplement were women. About 16.0% of all women with EI claims received the top-up in 1998/99 compared to 7.6% of men. This was almost unchanged from 1997/98.

In the section on the small weeks adjustment projects, we found that women filed 61% of all claims with small weeks during the initial small weeks adjustment projects and that they were almost twice as likely as men to file claims with small weeks.

We observed that the higher participation rate of women in the projects could reflect their greater likelihood of working in non-standard employment.

In the analysis of Employment Benefits and Support Measures under Part II of the *EI Act* we found that women represented 43% of all participants in 1998/99, which was a small increase from the last reporting year. We also found that about 64.2% of women were active claimants and 15.5% were former claimants. At the provincial level, we found that the participation rates for women were higher than the national average in New Brunswick, Prince Edward Island, Quebec, Ontario and Manitoba. Overall, we observed that there appears to be an increase in women's participation in long-term training interventions over the previous year. However, there was a slight decrease in their participation in self-employment. We also found that as a result of expanding eligibility to those who had collected maternity or parental benefits in the last five years, 2,775 women received access to EBSMs who otherwise would not have been eligible.

Finally, in the Savings Chapter, we noted that incremental savings for the period were estimated at \$95 million with payments to women being reduced by 0.27% or \$11 million and payments to men being reduced by 1.38% or \$84 million.

## V. IMPACTS BY AGE

In the analysis of the labour market context, we found that youth had their strongest fiscal year of employment growth on record (5.3%). In the analysis of income benefits we observed that new claims for regular benefits by people under age 25 increased by 3.2% during the period compared to a decline of 27.2% for the period between 1995/96 and 1997/98. We also observed that claims by youth with short employment spells declined by 10.5%, while claims supported by longer job spells increased by

3.2%. We observed that these changes could reflect the strong employment gains by youth over the past fiscal year, and the ability to work longer in a strong labour market. Since youth tend to rely on short tenure employment, increases in employment can result in increases in EI claims.

In the section describing the results from the small weeks adjustment projects, we found that individuals in the 15 to 34 age group accounted for almost half the claims with small weeks (45%) in the initial pilot projects. In the new project, youth represented 46% of all small weeks claimants.

In the Chapter on Community Adjustment we also noted that focus group participants felt that EI reforms were having a positive effect on the attitudes and work behaviour of youth. We also found that there appeared to be sufficient resources for youth in the majority of communities, an improvement over the 1998 findings.

## VI. IMPACTS BY PROVINCE AND TERRITORY

Throughout this year's report an attempt was made to provide more information on the impacts of EI by province and territory. The analysis of regular claims established indicates that there was a great deal of variation across provinces reflecting different labour market conditions, with Ontario, Quebec and British Columbia showing significant drops (-3.4%, -5.4% and -2.3% respectively). Most other provinces and territories showed slight increases with the largest increases in regular claims in Alberta, Northwest Territories and Saskatchewan (25.6%, 19.4%, and 15.8% respectively).

To help explain the changes in claims, changes in the duration of insured employment were looked at. Between 1997/98 and 1998/99, the proportion of claims with short employment spells

increased (+1.6%), while those with over six months declined (-2.2%). A decline in the proportion of claims with long periods of insured employment can reflect an improving economy in which people with stronger attachment to the labour market are able to work longer and avoid collecting EI benefits. A rise in the proportion of claims with short periods of insured employment can also reflect an improving labour market allowing people with weaker labour market attachment to gain temporary employment with sufficient hours to qualify for benefits.

Across the provinces and territories, there were wide variations in the year to year changes. Saskatchewan had above average increases in those making claims with over six months of insured employment (+15.0%) and for those making claims barely meeting the minimum entrance requirement (+79.0%). This reflects the lack of employment growth. Above average increases in both these categories were also evident in Alberta (+27.7% for those making claims with over six months of insured employment and +13.2% for those making claims barely meeting the minimum entrance requirement). While the overall employment growth figures for Alberta were strong for this period, these results probably reflect cyclical changes in mining, oil and gas.

The number of new claims by frequent claimants also varied across the provinces and territories. In order to understand the variations across provinces the reasons why people became unemployed during the period were examined. Analyses in previous years have suggested that there is a strong link between temporary lay-offs and new claims established by frequent claimants. The provincial results for 1998/99 reflect this linkage. For example, Alberta, Saskatchewan, and Newfoundland experienced increases in the number of frequent claims (7.9%, 5.4% and 3.5% respectively). Each of these provinces also had an increase in temporary lay-offs.

In other provinces where the number of frequent claims declined such as British Columbia, Quebec, and Ontario (-8.6%, -7.9% and -7.7% respectively), the number of workers permanently and temporarily laid off also declined.

## VII. IMPACTS BY INDUSTRY

From 1997/98 to 1998/99, the Professional, Scientific and Technical Services sector had the highest employment growth at 10.2%, followed by the Management, Administrative and Other Support sector at 8.8%, the Construction sector at 6.4%, and the Health Care and Social Assistance sector at 4.5%. Conversely, employment in the Forestry, Fishing, Mining, Oil and Gas sector decreased 6.0% and the Utilities sector by 2.2%.

The breakdown in total benefits paid by industry is in line with the changes in employment noted above. Benefits paid increased substantially in most of the seasonal industries and were the highest in Fishing and Trapping (+70%) followed by Mining, Oil and Gas (+52%). Meanwhile, benefit payments fell in Finance and Insurance (-16.2%), Health and Social Services (-10.4%), Education (-9.5%) and Government Services (-7.4%).

About 694,000 individuals who earned less than \$2,000 and paid EI premiums had their premiums refunded during 1997. Approximately 17.2% of these individuals worked in the Retail Trade industry, 13.6% were in Accommodation, Food and Beverage industry, and 10.4% were part of the Other Services industry.

## VIII. COMMUNITY ADJUSTMENT

We have looked at how communities are adjusting to EI reform by providing qualitative and quantitative analysis of what is occurring in 14 selected communities across Canada. We found that knowledge and understanding of EI continued to improve, and participants had acquired a



better understanding of the calculation of EI benefits. However, a lack of understanding about the benefits of working while on claim highlights the need for better communication.

Focus group participants stated that work behaviour was more of a function of the economy and labour market conditions than of the EI reforms. There is also some additional evidence of behavioural responses by seasonal workers to adjust their work patterns to access higher benefits.

Some focus group participants felt that EI reforms were having a positive effect on the attitudes and work behaviour of youth. This year's consultations found that there appeared to be sufficient resources for youth in the majority of communities, an improvement over the 1998 findings.

In the area of community capacity, a number of areas were identified for improvement (e.g. better co-ordination, increased awareness of what is available, and the identification of gaps in services and resources). Focus group members suggested that HRDC should play a more proactive leading role, fostering community capacity building in order to promote access to the full range of community resources to enhance employability.

## IX. PROGRAM ADMINISTRATION

Changes made in financing structure as well as efforts to promote friendly and informative service to Canadians were discussed.

In 1997, the *EI Act* began requiring employers and employees to pay premiums on all earnings from the first dollar onward, up to an annual maximum of \$39,000. This was expected to increase the number of contributors to the program. Initial estimates indicate that there were noticeable increases in the contribution levels for those earning above \$30,000

within industries characteristically composed of high weekly earners – Construction and Logging and Forestry in particular.

In order to reduce the impact of first dollar coverage on low-income earners, premiums were refunded for those with \$2,000 or less of insured earnings. A total of 693,950 individuals received a premium refund in 1997, with a dollar value of about \$20 million. A majority of all those receiving refunds (59%) were women and 42% were under 25 years of age. Retail Trade, Accommodation, Food & Beverage Service, and Other Service industries, typically composed of part-time earners, accounted for 43% of the refund.

The New Hires Program provided transitional relief to small firms facing an increase in EI premiums in 1997 and 1998. During 1998, 30,000 new firms filed for a refund under the New Hires program. In 1999, a new program entitled Federal Youth Hires began. The new program provides premium relief to employers who expand their youth payroll in 1999 and 2000.

We also discussed a number of quality service initiatives.

A survey of employers determined that the new approach to Records of Employment was less complex and less expensive.

In response to concerns raised through the monitoring process, the administrative rule was changed in June 1999 for claimants who make honest errors in reporting their earnings. This action ensures that local adjudicators have the required flexibility to assess the individual circumstances of each case when earnings are not declared.

An amendment to the definition of "period of employment" was also made. This will result in fewer overpayments for claimants than was previously the case. A full



detailed study of the new provisions will be made in the fall of 2000.

## **X. SAVINGS**

The *Employment Insurance Act* requires the Commission to monitor and assess whether the savings expected as a result of the reforms are being realized. Savings were expected to result from reduced income benefits, enhanced claimant assistance services, and reductions in fraud and abuse.

The savings results build on those reported in the 1998 Report, when a \$2 billion or 16% drop in benefit payments was observed for the period between 1995/96 to 1997/98. Further, it was also estimated that roughly half (5% to 10%) of the observed changes in regular EI benefits in this period were due to labour market change while the other half was due to EI reforms.

For 1998/99, the results show that the net effect of the maturing of the Family Supplement, the intensity provision and the Maximum Insurable Earnings (MIE) freeze over the 1997/98 to 1998/99 period reduced the cost of EI by \$95 million or 0.94% of EI payments. Payments to men were reduced by 1.38% or \$84 million and payments to women were reduced by 0.27% or \$11 million.

In 1998/99, Group Information Sessions resulted in additional savings to the EI Account of \$182 million, and Investigation and Control (I&C) activity reported \$702.7 million in total savings from overpayments, penalties and fines. This represents a saving of \$11.88 for every dollar spent on I&C activity in 1998/99.



## ***Annexes***





## **ANNEX 1**

### **Elements of Reform**

- 1.1 Elements of Reform – Part I Income Benefits**
- 1.2 Elements of Reform – Part II Active Measures**



## Elements of Reform

### Part I - Income Benefits

Element	Rationale
<p>Reduction in Maximum Insurable Earnings (MIE)<sup>1</sup></p> <ul style="list-style-type: none"> <li>The MIE was reduced to \$750 a week (the equivalent of \$39,000 per year) in 1996 and will be frozen at this level until 2000. This reduced the maximum weekly benefit to \$413 (55% of \$750) from \$448 in 1995 and \$465 for first 6 months of 1996.</li> </ul>	<ul style="list-style-type: none"> <li>MIE had been based on a formula that took into account average wage increases over an 8-year period. Because the high inflation and wage increases of the 1980s continued to be considered in setting the MIE, it escalated faster than wages, making EI benefits competitive with wages in some part of the country and in some industries.</li> </ul>
<p>Reduced Maximum Benefit Duration<sup>1</sup></p> <ul style="list-style-type: none"> <li>Effective July 1996, the maximum length of a claim was reduced from 50 to 45 weeks.</li> </ul>	<ul style="list-style-type: none"> <li>The majority of claimants find work within the first 40 weeks of receiving benefits.</li> <li>Only affects longer attachment workers in higher unemployment regions.</li> </ul>
<p>New Entrants and Re-entrants<sup>1</sup></p> <ul style="list-style-type: none"> <li>Effective July 1996, new entrants and re-entrants to the labour force needed 26 rather than 20 weeks of work to qualify for EI. In January 1997, the 26 weeks were converted to 910 hours.</li> <li>Applies only to those who have had minimal or no labour market attachment over the past 2 years. Workers who have at least 490 hours of work in the first year of employment need only 420 to 700 hours the next year. Time on EI, Workers' Compensation, disability benefits, and sick leave count as time worked.</li> </ul>	<ul style="list-style-type: none"> <li>Discourages a cycle of reliance:             <ul style="list-style-type: none"> <li>ensures workers, especially young people, develop a significant attachment to the labour force before collecting EI benefits.</li> </ul> </li> <li>Returns insurance principles to the system:             <ul style="list-style-type: none"> <li>have to make reasonable contribution to system before collecting benefits.</li> </ul> </li> <li>Strengthens the relationship between work effort and entitlement to benefits.</li> </ul>
<p>Benefit Calculation<sup>1</sup></p> <ul style="list-style-type: none"> <li>Weekly benefits are calculated as follows:             <ul style="list-style-type: none"> <li>total earnings over the 26-week period preceding the establishment of the claim, divided by the greater of the number of weeks of work in this period or the minimum divisor of 14 to 22 (depending on the regional rate of unemployment) whichever is higher. The result is multiplied by 55% to determine the weekly benefit.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Creates a strong incentive to work more than the minimum amount of time to qualify for benefits (i.e., at least 2 more weeks than the old entrance requirement).</li> <li>Provides incentive to work in the "shoulder" season.</li> <li>Ensures a better relationship between flow of benefits and normal earnings.</li> </ul>

## Elements of Reform

### Part I - Income Benefits (cont'd)

Element	Rationale
<b>Hours-based System<sup>1</sup></b> <ul style="list-style-type: none"> <li>Effective January 1997, EI eligibility is based on hours rather than weeks worked.</li> <li>For regular benefits, claimants need 420 to 700 hours instead of 12 to 20 insured weeks.</li> <li>For special benefits, claimants need 700 hours instead of 20 insured weeks.</li> </ul>	<ul style="list-style-type: none"> <li>Better measure of time worked.</li> <li>Removes inequities and anomalies of weeks system: <ul style="list-style-type: none"> <li>under UI, 15 hours or 50 hours counted as one week;</li> <li>eliminates 14-hour job trap - under UI, those working fewer than 15 hours (either all the time or some of the time) with a single employer were not insured or not fully insured.</li> </ul> </li> <li>Fairer and more equitable - i.e., all hours count.</li> </ul>
<b>Family Supplement<sup>1</sup></b> <ul style="list-style-type: none"> <li>Claimants with children and annual net family incomes of up to \$25,921 receive a top-up of their basic insurance benefits.</li> <li>The FS increased the maximum benefit rate to 65% in 1997, to 70% in 1998, to 75% in 1999, and will increase to 80% by 2000.</li> </ul>	<ul style="list-style-type: none"> <li>Better targets assistance to those most in need: <ul style="list-style-type: none"> <li>the 60% rate under UI very poorly targeted - about 45% of low income families did not qualify;</li> <li>about 30% of those who did receive the 60% rate had family incomes over \$45,000.</li> </ul> </li> </ul>
<b>Allowable Earnings While on Claim<sup>1</sup></b> <ul style="list-style-type: none"> <li>Effective January 1997, claimants can earn \$50 or 25% of their weekly benefit, whichever is higher.</li> </ul>	<ul style="list-style-type: none"> <li>Helps low-income claimants.</li> <li>Encourages claimants to maintain labour force attachment and increase their earnings from work.</li> </ul>
<b>Clawback<sup>1</sup></b> <ul style="list-style-type: none"> <li>Benefits are repaid at the rate of \$0.30 for every \$1 of net income above the threshold.</li> <li>For those who have collected 20 or fewer weeks of benefits in the last 5 years, the threshold is now \$48,750 of net income (old level was \$63,750). Maximum repayment remains at 30% of benefits received.</li> <li>For those with more than 20 weeks of benefits in the last 5 years, the threshold is now \$39,000 of net income. Maximum repayment varies from 50% and 100% of benefits received.</li> </ul>	<ul style="list-style-type: none"> <li>Fairer and more accurately reflects insurance principles.</li> <li>Discourages repeat use of EI by those with high levels of annual income.</li> </ul>



## Elements of Reform

### Part I - Income Benefits (cont'd)

Element	Rationale
<b>Intensity Rule<sup>1</sup></b> <ul style="list-style-type: none"> <li>The intensity rule reduces the benefit rate by 1 percentage point for every 20 weeks of regular or fishing benefits collected in the past 5 years.</li> <li>The maximum reduction is 5 percentage points.</li> </ul>	<ul style="list-style-type: none"> <li>Introduces an element of experience-rating to the program, i.e., heavy users of the system bear more of the costs.</li> <li>Discourages use of EI as a regular income supplement rather than insurance for times of unpredictable job loss, while not excessively penalizing those who make long or frequent claims.</li> <li>Creates a better balance between contributions made and benefits received.</li> </ul>
<b>First Dollar Coverage<sup>2</sup></b> <ul style="list-style-type: none"> <li>Effective January 1997, all earnings, from the first dollar, are insurable, up to the annual MIE. There are no weekly minimums or maximums for determining earnings.</li> </ul>	<ul style="list-style-type: none"> <li>Creates a more equitable and balanced system – all work is insurable.</li> <li>Substantially decreases paper burden for employers.</li> </ul>
<b>Premium Refunds<sup>2</sup></b> <ul style="list-style-type: none"> <li>Beginning in 1997, workers earning \$2,000 or less per year have their premiums refunded.</li> </ul>	<ul style="list-style-type: none"> <li>Helps workers who must pay premiums, but will not have enough hours to qualify for benefits.</li> </ul>
<b>Increased Sanctions for Fraud<sup>3</sup></b> <ul style="list-style-type: none"> <li>Effective July 1996, penalties for fraud by employers and claimants were increased.</li> <li>Effective January 1997, claimants who have committed fraud after June 1996 face higher entrance requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Protects integrity of EI program.</li> </ul>
<p>1. For further information, see Chapter 2.  2. For further information, see Chapter 5.  3. For further information, see Chapter 6.</p>	

## Elements of Reform

### Part II - Active Measures

#### Employment Benefits

*Targeted Wage Subsidies* provide employers with subsidies for a specific period of time to hire people at risk of long-term unemployment or who face barriers to employment.

*Targeted Earnings Supplements* enable some people currently on EI or the longer-term unemployed to accept low-wage jobs. Temporarily topping-up low-wage jobs means that people who would not enter at the lower wage rate are able to re-enter the work force.

*Self-Employment* provides financial assistance and business planning advice, helping unemployed individuals create their own jobs.

*Job Creation Partnerships* are projects conducted in partnership with the provinces/territories providing work experience and employment opportunities by addressing the needs of their area.

*Skills Development* involves a combination of loans and grants to individuals, assisting with expenses while they upgrade their skills to re-enter the labour market, under an agreement with provincial/territorial governments.

#### Support Measures

*Employment Assistance Services* assist community-based organizations to provide employment services such as counselling to unemployed persons.

*Labour Market Partnerships* encourage and support employers, employees, employer associations, and communities to improve their capacity for dealing with human resource requirements and implementing labour force adjustment measures.

*Research and Innovation* supports activities that identify better ways of helping people prepare for or keep employment and be productive participants in the labour force.

#### Notes:

1. Part II active measures delivered by provinces and territories under the EBSM program framework generally have different names and are subject to provincial flexibility in design and delivery.
2. Skills, Loans and Grants was renamed Skills Development in July, 1999.

## **ANNEX 2**

### **Income Benefits Data Tables**

- 2.1 Unemployment Rates by EI Region**
- 2.2 All Income Benefits**
- 2.3 Total Income Benefits by Industry**
- 2.4 Regular Benefits**
- 2.5 Distribution of Claims for Regular Benefits by Duration of Insured Employment**
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## Unemployment Rates by EI Region

EI Regions by Province/Territory	June 1997	Sept. 1997	Dec. 1997	March 1998	June 1998	Sept. 1998	Dec. 1998	March 1999
<b>Newfoundland</b>								
St. John's	14.3	13.7	13.8	13.0	11.9	12.1	11.4	10.1
Newfoundland/Labrador	23.0	21.6	20.3	20.4	19.8	22.5	22.5	20.4
<b>Prince Edward Island</b>								
Prince Edward Island	15.7	14.0	14.0	14.1	13.6	13.2	14.4	15.2
<b>Nova Scotia</b>								
Eastern Nova Scotia	23.5	18.3	16.1	17.5	17.6	19.3	21.5	19.1
Central Nova Scotia	13.0	13.7	13.7	10.9	11.3	11.7	11.3	11.7
Halifax	9.5	8.5	9.2	7.5	7.6	7.4	7.2	7.2
Kings	12.6	12.2	11.3	10.7	9.4	11.0	10.3	8.5
Yarmouth	13.5	12.5	13.2	14.2	13.8	12.7	13.0	12.6
<b>New Brunswick</b>								
Fredericton-Moncton-St John	11.1	10.7	10.2	10.2	10.1	8.3	8.5	8.5
Restigouche/Charlotte	16.2	14.1	15.3	16.3	16.0	15.6	15.4	14.6
<b>Quebec</b>								
Eastern Quebec	18.3	18.2	19.1	16.9	17.4	18.1	14.8	13.6
Quebec	10.2	10.9	10.1	9.3	9.0	8.4	8.1	8.0
Trois-Rivieres	14.3	15.0	14.1	12.0	13.9	12.6	13.7	12.8
Quebec Centre South	8.3	7.2	7.1	6.1	7.0	8.9	7.0	7.4
Sherbrooke	11.2	12.5	12.7	12.5	11.0	11.4	9.5	9.9
Monteregie	10.0	9.1	8.6	9.0	7.6	8.3	8.6	8.8
Montreal	11.4	11.1	10.1	9.8	9.5	10.3	9.3	9.5
Central Quebec	11.6	12.2	12.0	11.0	12.4	11.6	11.7	10.8
Western Quebec	15.4	15.5	16.6	18.5	17.8	16.4	14.4	14.3
Northern Quebec	17.2	18.5	18.7	18.1	18.3	17.6	18.1	15.4
Hull	9.9	8.8	9.9	10.4	11.2	9.1	8.5	6.1
Chicoutimi-Jonquiere	12.5	12.5	13.0	13.8	14.0	12.0	11.1	10.5
<b>Ontario</b>								
Ottawa	9.0	9.3	8.4	6.6	5.8	6.5	5.9	5.9
Eastern Ontario	11.1	9.3	9.3	8.3	6.7	7.7	8.5	8.0
North Central Ontario	11.9	9.9	10.0	10.2	9.3	7.6	7.2	7.4
Oshawa	9.2	7.2	7.9	8.0	7.4	7.9	6.5	6.4
Toronto	8.0	7.7	8.0	7.5	6.9	6.9	6.8	6.2
Hamilton	6.6	6.3	6.1	5.3	5.4	4.6	5.5	5.0
St. Catharines	10.6	10.0	9.0	7.5	9.0	7.9	6.7	6.7
London	7.5	7.8	7.8	6.7	6.2	5.9	6.0	6.9
Niagara	9.4	10.4	10.5	8.6	8.3	9.1	7.6	6.9
Windsor	9.3	9.2	9.2	8.1	8.1	10.0	9.0	7.2
Kitchener	7.4	7.3	7.1	6.9	6.4	6.9	6.0	6.5
Huron	10.9	9.4	6.7	8.8	7.7	9.0	8.9	6.0
South Central Ontario	7.1	7.0	6.4	5.2	5.5	6.0	5.1	5.2
Sudbury	9.1	8.5	9.9	11.3	11.4	10.9	11.9	10.4

## Unemployment Rates by EI Region (cont'd)

EI Regions by Province/Territory	June 1997	Sept. 1997	Dec. 1997	March 1998	June 1998	Sept. 1998	Dec. 1998	March 1999
Thunder Bay	9.3	8.7	10.2	10.6	9.2	9.0	8.9	8.9
Northern Ontario	14.9	14.0	14.8	16.4	16.3	15.1	15.0	14.2
<b>Manitoba</b>								
Winnipeg	7.4	7.4	6.9	5.6	5.7	5.9	5.8	5.6
Southern Manitoba	6.1	5.4	6.0	6.2	5.9	6.1	6.2	5.7
Northern Manitoba	19.6	20.2	20.1	21.2	22.6	25.1	24.0	21.5
<b>Saskatchewan</b>								
Regina	6.2	6.0	6.0	4.6	5.1	5.4	6.2	6.0
Saskatoon	7.4	7.1	6.6	6.8	6.9	8.2	6.8	6.9
Southern Saskatchewan	6.3	6.1	6.0	6.1	6.5	6.9	7.0	7.6
Northern Saskatchewan	12.1	12.7	13.4	12.8	15.6	16.3	14.9	12.9
<b>Alberta</b>								
Calgary	6.3	6.0	5.6	4.6	5.0	5.5	5.9	5.2
Edmonton	6.9	6.6	6.7	6.5	6.1	6.1	6.6	6.1
Alberta	6.4	6.5	6.7	6.9	6.9	7.4	7.5	7.8
<b>British Columbia</b>								
Southern Interior BC	8.8	9.0	8.6	10.1	9.2	9.6	9.2	9.4
Vancouver	9.0	8.7	8.6	9.0	9.1	8.1	6.8	7.3
Victoria	8.4	8.1	8.7	9.5	9.6	9.7	8.2	6.6
Southern Coastal BC	9.4	10.3	10.1	12.1	10.5	8.8	9.5	9.4
Northern BC	9.9	10.3	12.2	13.1	12.6	13.3	14.2	13.3
<b>Yukon/NWT</b>								
Yukon/NWT <sup>1</sup>	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
<b>Canada</b>	<b>9.1</b>	<b>9.0</b>	<b>8.6</b>	<b>8.5</b>	<b>8.4</b>	<b>8.7</b>	<b>8.4</b>	<b>8.1</b>

Source: Labour Force Survey

Shaded regions indicate those that participated in the original small weeks adjustment projects, as well as the additional regions of Hull, Quebec, and Sudbury, Ontario.

Notes: 1. Yukon/NWT rate is set at 25% for EI purposes.

# All Income Benefits

	New Claims		Average Weekly Benefit		Amount Paid <sup>1</sup>	
	1998/99 (000's)	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98 <sup>2</sup>	1998/99	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98 <sup>2</sup>
<b>Province/Territory</b>						
Newfoundland	88	8.6	-5.9	265	0.1	-3.0
Prince Edward Island	24	1.7	-2.6	253	0.9	-3.5
Nova Scotia	86	-1.5	-11.8	262	1.8	-1.2
New Brunswick	95	0.1	-8.6	256	0.3	-3.3
Quebec	558	-5.4	-11.1	272	1.1	0.5
Ontario	486	-1.5	-19.3	296	2.2	0.4
Manitoba	58	5.3	-15.2	267	3.1	1.1
Saskatchewan	48	14.6	-17.7	282	4.6	3.2
Alberta	149	20.0	-21.2	302	5.5	1.8
British Columbia	236	0.1	-9.9	298	0.6	0.1
Northwest Territories	4	13.0	N/A	342	2.2	N/A
Yukon	3	-12.0	N/A	336	-1.6	N/A
<b>Sex</b>						
Men	1,015	1.6	-13.9	314	1.4	-0.8
Women	819	-1.7	-13.9	245	2.1	1.3
<b>Age</b>						
Under 25	246	3.4	-20.9	227	4.6	2.0
25 to 44	1,091	-0.5	-15.2	292	2.2	-0.5
45 to 54	334	0.7	-6.3	292	0.9	-1.1
55 and over	163	-2.1	-8.1	284	0.1	-0.6
<b>EI History</b>						
First Time Claimants <sup>3</sup>	657	6.1	-10.0	272	1.5	1.8
Occasional Claimants <sup>4</sup>	556	-0.7	-20.2	273	4.0	0.9
Frequent Claimants <sup>5</sup>	621	-5.0	-11.7	304	1.2	-2.6
<b>National</b>	1,835	0.1	-13.9	283	1.9	0.0

Source: EI Administrative Data.

Notes: 1. Amount Paid represents benefit payments under regular, fishing, special (sickness, maternity, parental/adoptive), employment (Sec. 25 of EI Act) and \$16M in worksharing benefits. Payments under Part II of the EI Act are not included.

2. Prior to 1997/98, data for the Yukon and NWT were combined with Alberta and BC, respectively.

3. First time claimants are defined as individuals who did not have a claim in the previous five years.

4. Occasional claimants are defined as individuals who have had fewer than 3 active claims in the 5 years prior to their current claim.

5. Frequent claimants are defined as individuals who have had 3 or more active claims in the 5 years prior to their current claim.

## Total Income Benefits by Industry

Industry	1998/99 (\$M)	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98
<b>Primary</b>			
Agriculture	226	4.2	-17.2
Fishing and Trapping	116	70.4	-12.9
Fish Harvesting (self-employed) <sup>1</sup>	238	1.8	1.2
Logging and Forestry	327	11.9	-5.9
Mining	252	52.2	-10.3
<b>Manufacturing</b>	1,679	1.9	-18.8
<b>Construction</b>	1,581	1.4	-21.4
<b>Transportation, Storage, and Communications</b>			
Transportation & Storage	415	2.0	-8.3
Communications	184	-10.1	-2.9
<b>Trade and Commerce</b>			
Wholesale Trade	656	9.1	8.2
Retail Trade	716	-3.4	-22.0
<b>Finance, Insurance, and Real Estate</b>			
Finance and Insurance	236	-16.2	2.5
Real Estate	128	7.7	-18.7
<b>Community, Business, and Personal Services</b>			
Business Services	668	9.9	-11.0
Education	485	-9.5	-13.6
Health & Social Services	591	-10.4	-14.5
Accommodation, Food & Beverage Services	472	-4.3	-10.6
Other Services	682	8.2	-15.2
<b>Public Administration</b>			
Government Services <sup>2</sup>	375	-7.4	-46.7
<b>Unclassified</b>	134	-7.9	-4.0
<b>All Industries</b>	10,160	1.5	-16.1

Source: EI Administrative Data.

- Notes:
1. Includes fishing benefits paid to self-employed fishers as well as other types of benefits collected by these claimants, such as special benefits and employment benefits (Part I).
  2. Changes to the process for assigning classification codes in this sector in 1996, 1997 and 1998 mean that the percentage change in benefits paid may be lower than that shown.



# Regular Benefits

	New Claims			Average Weekly Benefit			Amount Paid <sup>1</sup>		
	1998/99 (000's)	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98	1998/99	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98	1998/99 (\$M)	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98
<b>Province/Territory</b>									
Newfoundland	72	7.7	-10.0	256	-0.9	-2.7	453.8	4.6	-10.0
Prince Edward Island	21	0.6	-1.8	242	0.7	-2.2	116.0	2.6	-7.0
Nova Scotia	71	-1.0	-14.1	256	3.1	-0.3	381.3	5.3	-19.0
New Brunswick	84	0.1	-11.1	253	0.1	-3.1	479.0	3.5	-17.0
Quebec	485	-5.4	-14.0	272	0.9	0.8	2,536.7	-4.5	-17.0
Ontario	366	-3.4	-23.7	297	2.5	1.1	1,799.4	-8.8	-19.0
Manitoba	44	4.3	-20.0	272	4.5	1.8	192.3	6.5	-22.0
Saskatchewan	38	15.8	-22.6	289	4.4	5.2	181.1	28.4	-24.0
Alberta	116	25.6	-29.8	310	6.4	3.1	546.9	39.1	-41.0
British Columbia	186	-2.3	-13.0	299	0.7	0.4	1,023.7	6.4	-13.0
Northwest Territories	3	19.4	-23.2	338	1.0	3.1	21.7	24.8	-19.2
Yukon	3	-11.3	2.2	338	-1.6	4.7	21.8	13.1	0.7
<b>Sex</b>									
Men	906	1.5	-16.2	313	1.4	-0.7	5,300.4	3.4	-19.0
Women	582	-3.8	-19.5	235	1.8	2.0	2,453.3	-5.3	-18.0
<b>Age</b>									
Under 25	196	3.2	-27.2	231	4.9	3.1	763.0	5.9	-28.0
25 to 44	859	-1.2	-19.3	290	2.3	-0.1	4,490.1	-0.5	-21.0
45 to 54	294	0.0	-8.0	293	0.9	-1.1	1,627.2	1.5	-10.0
55 and over	140	-3.7	-9.6	284	0.0	-0.2	873.4	-0.8	-12.0
<b>EI History</b>									
First Time Claimants <sup>2</sup>	433	6.4	-16.9	266	1.8	3.6	2,264.3	4.5	-15.0
Occasional Claimants <sup>3</sup>	470	-1.0	-23.7	273	3.9	1.1	2,285.3	-0.2	-24.0
Frequent Claimants <sup>4</sup>	585	-5.0	-12.7	302	1.2	-2.4	3,204.1	-1.7	-17.0
<b>National</b>	1,488	-0.6	-17.6	282	1.9	0.5	7,753.7	0.5	-19.0

Source: EI Administrative Data.

Notes: 1. Amount Paid represents regular benefits, including Family Supplement.

2. First time claimants are defined as individuals who did not have a claim in the previous 5 years.

3. Occasional claimants are defined as individuals who have had fewer than 3 active claims in the 5 years prior to their current claim.

4. Frequent claimants are defined as individuals who have had 3 or more active claims in the 5 years prior to their current claim.

# Distribution of Claims for Regular Benefits<sup>1</sup> by Duration of Insured Employment

	New Claims 1998/99			Percentage Change <sup>2</sup> 1997/98 to 1998/99			Percentage Change 1995/96 to 1997/98		
	Duration of Insured Employment			Duration of Insured Employment			Duration of Insured Employment		
	At or Near Minimum Requirement	Greater than Minimum Requirement to 6 Months	Over 6 Months	At or Near Minimum Requirement	Greater than Minimum Requirement to 6 Months	Over 6 Months	At or Near Minimum Requirement	Greater than Minimum Requirement to 6 months	Over 6 Months
<b>Province/Territory</b>									
Newfoundland	9,710	18,670	43,840	7.5	10.3	6.7	-56.4	-12.5	19.2
Prince Edward Island	2,230	4,360	13,960	1.4	-11.4	4.9	-66.0	-17.0	58.6
Nova Scotia	5,240	14,080	51,310	-6.9	5.0	-1.9	-59.4	-36.9	9.0
New Brunswick	6,390	20,030	57,220	-10.1	3.8	0.1	-70.8	-24.8	29.9
Quebec	26,430	82,200	376,530	-2.3	3.9	-7.4	-47.2	-42.1	-0.4
Ontario	13,830	52,410	300,070	10.5	7.7	-5.7	-41.7	-48.0	-16.8
Manitoba	1,860	7,370	34,720	18.5	15.5	1.6	-52.0	-49.2	-7.2
Saskatchewan	1,450	5,670	30,920	79.0	9.9	15.0	-62.1	-50.9	-9.8
Alberta	3,420	15,650	96,980	13.2	16.4	27.7	-52.1	-53.3	-21.3
British Columbia	8,900	31,770	145,340	-4.9	6.6	-3.9	-36.2	-36.9	-3.6
Northwest Territories	260	430	2,270	73.3	22.9	14.6	-42.3	-59.3	-6.2
Yukon	130	390	2,000	18.2	-17.0	-11.5	-54.2	-40.5	29.1
<b>Sex</b>									
Men	43,670	143,210	718,940	-3.4	3.3	1.5	-56.3	-46.0	0.4
Women	36,180	109,820	436,220	8.4	10.6	-7.7	-45.9	-32.3	-13.1
<b>Age</b>									
Under 25	8,310	31,950	155,340	-10.5	7.4	3.2	-58.0	-59.4	-8.8
25 to 44	45,170	139,420	674,160	-0.4	3.6	-2.1	-53.4	-41.5	-8.1
45 to 54	17,080	52,620	223,820	10.5	12.3	-3.2	-45.8	-28.3	2.7
55 and over	9,290	29,040	101,840	9.7	8.6	-7.8	-50.2	-22.6	0.8
<b>EI History</b>									
First Time Claimants <sup>3</sup>	7,320	44,910	380,790	25.1	45.0	2.9	-30.8	-63.7	-6.6
Occasional Claimants <sup>4</sup>	29,890	80,700	359,540	6.3	6.3	-3.1	-41.9	-43.0	-15.9
Frequent Claimants <sup>5</sup>	42,640	127,420	414,830	-4.4	-2.8	-5.7	-58.8	-29.1	6.8
<b>National</b>	79,850	253,030	1,155,160	1.6	6.3	-2.2	-52.4	-41.0	-5.5

Source: EI Administrative Data.

Notes: 1. For information on Regular Benefits, see Annex 2.4

2. Based on updated figures for 1997/98.

3. First time claimants are defined as individuals who did not have a claim in the previous five years.

4. Occasional claimants are defined as individuals who have had fewer than 3 active claims in the 5 years prior to their current claim.

5. Frequent claimants are defined as individuals who have had 3 or more active claims in the 5 years prior to their current claims.

## Changes in Duration of Insurable Employment

	At or Near Minimum Entrance Requirement				Greater than Min. +2 wks to Six Months	Over 6 Months	Total
	Minimum Entrance <sup>1</sup>	Minimum + 1 Week <sup>2</sup>	Minimum + 2 Weeks <sup>3</sup>	Total			
<b>Number of Regular Claims</b>							
1995-1996	76,330	46,080	42,630	165,040	403,190	1,249,530	1,817,760
1996-1997	48,140	35,980	46,300	130,420	307,940	1,178,320	1,616,680
1997-1998	29,430	25,140	24,000	78,570	237,950	1,181,190	1,497,710
1998-1999	31,330	24,430	24,090	79,850	253,030	1,155,160	1,488,040
<b>% Change from Previous Year</b>							
1996-1997	-36.9	-21.9	8.6	-21.0	-23.6	-5.7	-11.1
1997-1998	-38.9	-30.1	-48.2	-39.8	-22.7	0.2	-7.4
1998-1999	6.5	-2.8	0.4	1.6	6.3	-2.2	-0.6
<b>% of All Claims</b>							
1995-1996	4.2	2.5	2.3	9.1	22.2	68.7	100.0
1996-1997	3.0	2.2	2.9	8.1	19.0	72.9	100.0
1997-1998	2.0	1.7	1.6	5.2	15.9	78.9	100.0
1998-1999	2.1	1.6	1.6	5.4	17.0	77.6	100.0
<b>% Changes - 1997/98 to 1998/99</b>							
Men	-0.4	-6.9	-3.2	-3.4	3.3	1.5	1.5
Women	15.4	3.0	5.1	8.4	10.6	-7.7	-3.8
Under 25	2.2	-18.6	-15.5	-10.5	7.4	3.2	3.2
25 to 44	4.6	-6.2	-0.4	-0.4	3.6	-2.1	-1.2
45 to 54	11.5	10.8	8.9	10.5	12.3	-3.2	0.0
55 and over	11.0	10.1	7.6	9.7	8.6	-7.8	-3.7
<b>Total</b>	6.5	-2.8	0.4	1.6	6.3	-2.2	-0.6
<b>% Changes - 1995/96 to 1997/98</b>							
Men	-64.4	-48.7	-50.3	-56.3	-46.0	0.4	-16.2
Women	-56.7	-39.9	-31.9	-45.9	-32.3	-13.1	-19.5
Under 25	-66.5	-50.1	-52.9	-58.0	-59.4	-8.8	-27.2
25 to 44	-63.2	-44.6	-44.8	-53.4	-41.5	-8.1	-19.3
45 to 54	-53.9	-41.6	-35.8	-45.8	-28.3	2.7	-8.0
55 and over	-57.5	-50.2	-36.9	-50.2	-22.6	0.8	-9.6
<b>Total</b>	-61.4	-45.4	-43.7	-52.4	-41.0	-5.5	-17.6
<b>Change in Share of Claims from 1997/98 to 1998/99<sup>4</sup></b>							
Newfoundland	0.4	0.0	-0.5	0.0	0.6	-0.6	N/A
Prince Edward Island	1.0	-0.7	-0.2	0.1	-2.9	2.8	N/A
Nova Scotia	-0.2	-0.3	0.0	-0.5	1.1	-0.7	N/A
New Brunswick	0.0	-0.4	-0.4	-0.9	0.9	0.0	N/A
Quebec	0.1	0.0	0.1	0.2	1.5	-1.7	N/A
Ontario	0.2	0.1	0.1	0.5	1.5	-1.9	N/A
Manitoba	0.4	-0.2	0.3	0.5	1.6	-2.1	N/A
Saskatchewan	0.3	0.4	0.6	1.3	-0.8	-0.5	N/A
Alberta	-0.2	0.0	-0.1	-0.3	-1.1	1.4	N/A
British Columbia	0.1	-0.1	-0.1	-0.1	1.4	-1.3	N/A
Northwest Territories	2.6	-1.9	2.0	2.7	0.4	-3.1	N/A
Yukon	0.5	0.6	0.2	1.3	-1.1	-0.2	N/A
Men	0.0	-0.1	-0.1	-0.2	0.3	0.0	N/A
Women	0.4	0.1	0.2	0.7	2.5	-3.2	N/A
Under 25	0.0	-0.3	-0.3	-0.6	0.6	0.0	N/A
25 to 44	0.1	-0.1	0.0	0.0	0.7	-0.8	N/A
45 to 54	0.2	0.2	0.1	0.6	2.0	-2.5	N/A
55 and over	0.3	0.3	0.2	0.8	2.3	-3.2	N/A

Source: EI Administrative Data.

## Notes:

1. Claims just meeting the minimum entrance requirement which varies with the regional unemployment rate.
2. Claims with one week of work (or 35 hours as of January 1997) above the minimum entrance requirement.
3. Claims with two weeks of work (or 70 hours as of January 1997) above the minimum entrance requirement.
4. Shows absolute change in share in claims by duration of insured employment.



## Fishing Benefits

	New Claims		Average Weekly Benefit		Amount Paid <sup>1</sup>	
	1998/99	% Change 1997/98 to 1998/99	1998/99	% Change 1997/98 to 1998/99	1998/99 (\$M)	% Change 1997/98 to 1998/99
<b>Province/Territory</b>						
Newfoundland	10,380	12.8	337	3.7	87.1	17.6
Prince Edward Island	1,980	5.3	379	-0.8	18.2	0.3
Nova Scotia	4,870	-27.3	373	-2.4	41.7	-21.0
New Brunswick	2,650	6.1	380	-1.3	20.8	-0.6
Quebec	1,230	-7.0	375	-0.3	10.6	-13.0
Ontario	100	-28.8	329	-6.5	0.9	-32.8
Manitoba	550	6.8	331	8.9	4.8	22.2
Saskatchewan	110	33.7	310	9.5	0.8	35.5
Alberta/NWT	100	3.0	341	-3.4	0.6	-12.6
British Columbia/Yukon	4,130	-8.8	339	-4.5	32.7	6.6
<b>Sex</b>						
Men	22,940	-4.6	359	-1.1	192.2	0.0
Women	3,160	7.9	308	2.7	25.8	12.7
<b>Age</b>						
Under 25	1,980	-16.9	341	-2.3	16.0	-15.5
25 to 44	13,640	-6.6	359	0.0	115.2	0.5
45 to 54	6,740	4.9	349	-1.4	55.2	5.5
55 and over	3,750	4.9	345	-2.0	31.6	8.3
<b>EI History</b>						
First Time Claimants <sup>2</sup>	3,220	57.5	321	4.6	13.1	21.3
Occasional Claimants <sup>3</sup>	5,750	48.1	336	3.7	35.4	25.8
Frequent Claimants <sup>4</sup>	17,130	-18.6	365	-0.5	169.6	-3.8
<b>National</b>	26,100	-3.2	353	-0.8	218.0	1.3

Source: EI Administrative Data.

Due to the small population size, the territories have not been separated out for the analysis of fishing benefits.

Notes: 1. Amount Paid represents fishing benefits, including Family Supplement.

2. First time claimants are defined as individuals who did not have a claim in the previous five years.

3. Occasional claimants are defined as individuals who have had fewer than 3 active claims in the 5 years prior to their current claim.

4. Frequent claimants are defined as individuals who have had 3 or more active claims in the 5 years prior to their current claim.



# Frequent Claimants<sup>1</sup>

	New Claims		Average Weekly Benefit			Amount Paid	
	1998/99	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98	1998/99	% Change 1997/98 to 1998/99	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98
<b>Province/Territory</b>							
Newfoundland	49,600	3.5	-11.9	292	1.8	368.1	-10.9
Prince Edward Island	12,700	-7.3	-3.5	267	-1.2	85.6	-2.4
Nova Scotia	41,600	-3.9	-11.3	278	2.8	245.8	-21.4
New Brunswick	52,300	-5.8	-7.7	276	1.8	342.9	-17.0
Quebec	227,400	-7.9	-7.4	303	0.7	1,283.1	-12.2
Ontario	109,700	-7.7	-17.2	324	1.0	499.9	-16.8
Manitoba	14,800	-5.1	-20.8	306	4.0	73.3	-27.9
Saskatchewan	11,800	5.4	-21.1	310	2.9	58.0	-29.8
Alberta/NWT	25,800	7.9	-29.1	344	6.3	136.0	-39.3
British Columbia/Yukon	58,300	-8.6	-7.7	326	-0.8	326.3	-12.7
<b>Sex</b>							
Men	409,000	-3.4	-13.0	338	0.0	2,678.7	-15.9
Women	195,000	-10.3	-8.7	239	2.4	740.3	-14.8
<b>Age</b>							
Under 25	21,800	0.5	-33.4	277	1.3	116.9	-38.9
25 to 44	353,300	-10.0	-13.6	310	1.6	2,053.9	-17.0
45 to 54	153,100	1.2	-4.3	306	1.4	812.4	-8.9
55 and over	75,800	1.1	-5.1	291	-0.6	435.8	-11.3
<b>National</b>	604,000	-5.7	-11.6	305	1.2	3,419.0	-15.6

Source: EI Administrative Data.

Due to the small population size, the territories have not been separated out for the analysis of claims established by frequent claimants.

Notes: 1. This includes both regular and fishing claims.

All Special Benefits<sup>1</sup>

	New Claims <sup>2</sup>			Amount Paid		
	1998/99	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98	1998/99 (\$M)	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98
Province/Territory						
Newfoundland	7,280	19.1	5.3	24.7	12.6	3.1
Prince Edward Island	2,280	-5.0	18.2	7.4	-13.8	38.8
Nova Scotia	13,440	8.1	-4.6	46.2	5.4	-2.5
New Brunswick	13,500	4.5	6.8	43.6	6.0	7.7
Quebec	101,470	5.8	-3.7	391.5	7.1	-4.3
Ontario	137,230	3.0	-4.0	682.5	2.8	-2.9
Manitoba	14,220	9.0	-1.8	56.3	1.8	-0.2
Saskatchewan	10,440	2.8	2.4	44.2	6.3	1.3
Alberta	35,190	5.6	5.3	150.7	4.2	8.9
British Columbia	53,000	4.7	-5.4	228.5	6.0	0.8
Northwest Territories	890	1.1	0.0	5.4	2.5	1.6
Yukon	340	-10.5	8.6	1.6	-22.9	24.8
Sex						
Men	97,710	8.5	-3.9	265.1	11.5	3.1
Women	291,570	3.6	-2.1	1,417.5	3.3	-1.7
Age						
Under 25	47,370	6.4	8.4	148.4	13.2	8.4
25 and over	341,910	4.6	-3.8	1,534.2	3.8	-1.8
National	389,280	4.8	-2.5	1,682.6	4.5	-1.0

Source: EI Administrative Data.

Notes: 1. For a breakdown of average number of weeks paid, average weekly benefit, and amount paid for maternity, parental, and sickness benefits, see annexes 2.10, 2.11, 2.12, 2.13.

2. Includes claims on which at least \$1 of maternity, parental, or sickness benefits was paid.

Maternity Benefits										
Province/Territory	New Claims		Average Number of Weeks Paid			Average Weekly Benefit		Amount Paid		
	1998/99	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98	1998/99	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98	1998/99 (\$)	% Change 1997/98 to 1998/99 (\$M)	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98
<b>Province/Territory</b>										
Newfoundland	2,400	7.1	12.0	14.0	-2.0	-0.7	260	8.5	-3.8	8.7
Prince Edward Island	780	-22.0	51.5	14.4	2.1	-1.7	240	3.0	-16.4	51.8
Nova Scotia	4,950	4.9	8.3	14.3	0.2	-1.6	247	17.5	9.5	-4.9
New Brunswick	3,730	-7.4	18.5	14.1	-2.2	1.0	238	13.3	-3.8	8.2
Quebec	39,600	-0.4	-6.7	14.4	0.3	-0.6	268	157.3	2.5	-8.5
Ontario	71,030	-1.1	0.1	14.6	0.4	-0.9	294	310.3	0.6	-4.0
Manitoba	6,730	5.3	3.4	14.6	1.0	-0.1	245	24.1	1.7	-2.0
Saskatchewan	5,290	-1.3	4.3	14.5	-0.6	0.0	247	19.6	2.0	-1.0
Alberta	17,440	2.1	6.7	14.5	1.1	-0.3	262	65.3	0.4	5.4
British Columbia	21,280	6.0	1.6	14.5	0.4	-0.6	283	89.2	8.0	-0.4
Northwest Territories	510	-10.5	1.8	14.8	9.8	-4.8	345	2.6	-7.1	2.8
Yukon	180	-14.3	31.3	14.3	4.8	-0.5	292	0.8	-21.0	44.3
<b>Age</b>										
Under 25	27,730	8.0	24.6	14.2	0.5	-1.0	181	73.0	14.4	10.6
25 and over	146,190	-0.9	-2.9	14.5	0.4	-0.5	295	638.6	0.6	-4.3
<b>National</b>	173,920	0.4	0.4	14.5	0.4	-0.6	277	711.6	1.9	-3.1
Source: EI Administrative Data.										

## Parental Benefits (Biological Parents)

	New Claims		Average Number of Weeks Paid			Average Weekly Benefit		Amount Paid		
	1998/99	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98	1998/99	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98	1998/99 (\$)	% Change 1997/98 to 1998/99 (\$M)	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98
<b>Province/Territory</b>										
Newfoundland	2,170	3.8	13.6	9.1	1.3	-1.9	274	5.3	-0.8	10.1
Prince Edward Island	720	-14.3	31.3	8.8	-0.3	-2.9	248	1.8	-9.0	65.1
Nova Scotia	4,460	5.2	1.4	8.8	-1.8	-2.4	257	9.9	1.6	-7.9
New Brunswick	3,290	-11.6	16.3	8.6	-3.7	-4.1	249	8.5	0.0	5.6
Quebec	38,570	1.0	-9.0	8.9	-0.7	-4.0	277	101.6	2.5	-10.0
Ontario	68,960	0.4	-2.6	9.2	-0.6	-2.3	303	201.5	1.4	-2.8
Manitoba	6,470	4.2	3.8	9.2	-1.0	-1.3	252	15.5	-2.2	-0.3
Saskatchewan	5,000	-2.5	5.6	9.3	-1.0	0.2	262	13.0	8.1	0.9
Alberta	16,260	3.8	5.4	9.1	-0.8	-2.4	271	40.1	-0.9	11.5
British Columbia	20,600	8.0	-0.8	9.1	0.0	-3.2	293	56.5	5.1	4.2
Northwest Territories	520	8.3	0.0	9.1	1.1	-5.7	343	1.6	5.1	4.1
Yukon	150	-16.7	20.0	9.9	8.3	2.0	313	0.5	-33.3	47.1
<b>Sex</b>										
Men	8,360	9.0	-4.5	7.6	-3.9	3.4	355	23.1	9.8	2.0
Women	158,810	1.3	-1.9	9.2	-0.4	-3.0	283	432.8	1.4	-2.2
<b>Age</b>										
Under 25	24,100	8.4	18.0	8.8	-0.5	-3.7	193	42.7	15.1	6.1
25 and over	143,070	0.6	-4.6	9.1	-0.7	-2.4	302	413.2	0.6	-2.7
<b>National</b>	167,170	1.6	-2.0	9.1	-0.7	-2.8	286	455.9	1.8	-2.0

Source: EI Administrative Data.



# Parental Benefits (Adoptive Parents)

	New Claims		Average Number of Weeks Paid			Average Weekly Benefit			Amount Paid		
	1998/99	% Change 1997/98 to 1998/99	% Change 1997/98 to 1998/99	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98	1998/99	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98	1998/99 (\$)	% Change 1997/98 to 1998/99	% Change 1995/96 to 1997/98
<b>Province/Territory</b>											
Newfoundland	10	0.0		-33.3	36.4	276	-33.2	-7.2	0.04	-19.3	9.8
Prince Edward Island	10	-66.7	200.0	60.8	-6.7	229	-29.7	29.2	0.04	-56.5	1,035.2
Nova Scotia	30	50.0	0.0	-17.4	108.3	413	28.1	-13.4	0.07	-26.9	105.6
New Brunswick	40	-50.0	100.0	11.9	2.4	364	25.4	14.3	0.17	-20.6	52.2
Quebec	480	23.1	-40.0	9.0	3.0	345	1.4	-3.5	1.99	12.7	-22.1
Ontario	590	37.2	19.4	-4.6	0.9	356	-0.4	3.6	2.11	18.7	15.4
Manitoba	150	36.4	120.0	2.4	0.9	276	9.4	-30.0	0.44	71.8	21.4
Saskatchewan	10	-80.0	66.7	-9.1	0.0	413	60.1	-21.5	0.05	-80.8	85.6
Alberta	200	122.2	-18.2	-2.2	3.4	333	18.0	-13.0	0.60	84.4	-11.8
British Columbia	240	84.6	-40.9	-17.9	29.8	357	-7.3	15.2	0.93	110.1	-32.3
Northwest Territories	150	N/A	-100.0	N/A	N/A	312	N/A	N/A	0.41	445.6	-49.1
Yukon	0	N/A	N/A	N/A	N/A	0	N/A	N/A	0	N/A	N/A
<b>Sex</b>											
Men	230	53.3	-34.8	-4.4	-11.7	367	-1.5	-3.7	0.72	34.8	-22.7
Women	1,680	41.2	-9.8	-2.0	7.2	338	3.1	-2.5	6.12	27.2	-1.3
<b>Age</b>											
Under 25	10	0.0	-66.7	-60.0	0.0	413	105.5	-34.2	0.00	-100.0	-55.5
25 and over	1,900	42.9	-12.5	-2.9	5.6	341	2.1	-3.1	6.84	28.8	-3.3
<b>National</b>	1,910	42.5	-13.5	-2.5	5.8	342	2.6	-3.2	6.84	28.0	-3.9

Source: EI Administrative Data.

## Sickness Benefits

	New Claims		Average Number of Weeks Paid		Average Weekly Benefit		Amount Paid	
	1998/99	% Change 1997/98 to 1998/99	1998/99	% Change 1997/98 to 1998/99	1998/99 (\$)	% Change 1997/98 to 1998/99	1998/99 (\$M)	% Change 1997/98 to 1998/99
<b>Province/Territory</b>								
Newfoundland	5,270	26.4	8.3	6.7	247	4.3	10.8	41.2
Prince Edward Island	1,550	-1.9	7.2	-11.2	244	8.2	2.7	-12.7
Nova Scotia	9,140	9.6	8.6	-4.3	239	2.2	18.7	3.9
New Brunswick	10,330	11.3	8.5	0.4	240	3.5	21.6	16.4
Quebec	60,260	9.9	8.5	1.6	252	2.4	130.7	17.3
Ontario	68,340	8.0	9.2	-1.9	269	2.3	168.6	8.7
Manitoba	7,680	15.0	9.0	-0.6	237	-0.8	16.2	4.9
Saskatchewan	5,420	8.8	9.0	2.5	240	3.3	11.5	14.4
Alberta	18,760	6.9	9.3	-1.8	257	4.8	44.6	15.3
British Columbia	32,860	3.8	9.2	0.5	269	0.7	81.8	4.0
Northwest Territories	270	-20.6	8.3	-12.6	346	16.0	0.8	-9.2
Yukon	150	-16.7	7.7	-4.8	312	3.0	0.4	-9.7
<b>Sex</b>								
Men	89,350	8.4	8.8	-1.0	302	1.4	241.2	11.6
Women	130,680	8.5	9.0	-0.1	229	3.0	267.0	10.5
<b>Age</b>								
Under 25	22,810	5.4	7.4	-2.3	196	4.7	32.8	8.5
25 to 44	119,190	7.7	8.6	0.1	263	2.1	270.5	11.3
45 to 54	49,430	11.2	9.4	-2.5	271	1.4	125.9	9.5
54 and over	28,600	9.7	10.5	1.3	267	2.1	79.1	13.7
<b>National</b>	220,030	8.5	8.9	-0.4	258	2.3	508.2	11.0

Source: EI Administrative Data.

	New Claims with Supplement <sup>1</sup>	Percentage of all claims with Supplement	Average weekly top-up	Average weekly benefit	Amount paid (\$000)	% Change amount paid 1997/98 to 1998/99	% Change amount paid 1995/96 to 1997/98 <sup>2</sup>	Percent of total FS
<b>Province/Territory</b>								
Newfoundland	13,200	15.1	38	255	10,552	62.5	18.1	7.2
Prince Edward Island	3,480	14.3	39	227	2,987	49.5	-7.3	2.0
Nova Scotia	10,330	12.1	38	241	7,858	33.7	-3.7	5.4
New Brunswick	13,310	14.0	38	243	10,754	50.6	7.9	7.4
Quebec	61,970	11.1	38	251	44,163	35.7	-9.1	30.1
Ontario	49,250	10.1	37	249	31,563	30.8	-10.9	21.5
Manitoba	8,600	14.8	41	244	6,532	63.4	-2.1	4.5
Saskatchewan	6,360	13.3	39	249	4,618	45.3	13.7	3.2
Alberta	15,970	10.7	37	240	9,749	41.9	-11.4	6.7
British Columbia	25,040	10.6	37	256	17,158	41.6	19.0	11.7
Northwest Territories	610	15.9	34	291	480	54.6	N/A	0.3
Yukon	220	7.9	44	298	192	18.7	N/A	0.1
<b>Sex</b>								
Men	77,040	7.6	40	296	58,584	49.2	54.8	40.0
Women	131,300	16.0	36	221	88,021	34.3	-21.2	60.0
<b>Age</b>								
Under 25	26,110	10.6	34	199	15,099	52.2	-4.5	10.1
25 to 44	159,300	14.6	39	255	116,578	39.8	-0.8	79.5
45 to 54	20,730	6.2	36	265	13,483	31.5	-13.6	9.4
55 and over	2,200	1.3	32	254	1,446	15.2	-43.2	1.0
<b>EI History</b>								
First-Time Claimants <sup>3</sup>	79,920	12.2	36	226	54,092	52.1	-5.5	35.7
Occasional Claimants <sup>4</sup>	70,140	12.6	37	246	48,785	29.7	-12.0	33.5
Frequent Claimants <sup>5</sup>	58,280	9.4	40	284	43,729	38.3	12.2	30.7
<b>National</b>	208,340	11.4	38	249	146,606	39.9	-3.4	100.0

Source: EI Administrative Data

Notes:

1. Includes all types of claims (regular, fishing, and special).

2. Prior to 1997/98, data for the Yukon and NWT were combined with Alberta and BC, respectively.

3. First time claimants are defined as individuals who did not have a claim for regular or fishing benefits in the previous five years.

4. Occasional claimants are defined as individuals who have had fewer than 3 active claims for regular or fishing benefits in the 5 years prior to their current claim.

5. Frequent claimants are defined as individuals who have had 3 or more active claims for regular or fishing benefits in the 5 years prior to their current claim.

## Working While on Claim

	New Claims with Full/Part-time Work Reported		
	1997/98	% of Regular Claims 1997/98	Percentage Point Difference from 1996/97 in % of Regular Claims
<b>Province/Territory</b>			
Newfoundland	26,300	39.2	-1.2
Prince Edward Island	7,950	38.9	-2.7
Nova Scotia	29,730	41.7	-2.6
New Brunswick	28,970	34.7	-2.8
Quebec	184,690	36.0	-5.4
Ontario	123,330	32.5	-3.5
Manitoba	16,050	38.1	0.2
Saskatchewan	12,720	38.7	-1.1
Alberta	34,920	37.8	-5.7
British Columbia	78,540	41.2	-3.8
Northwest Territories	990	39.9	-3.5
Yukon	1,130	39.8	-1.8
<b>Sex</b>			
Men	289,580	32.4	-3.6
Women	255,740	42.3	-3.8
<b>Age</b>			
Under 25	76,000	40.1	-4.7
25 to 44	329,380	37.9	-3.8
45 to 54	105,810	36.0	-3.5
55 and over	34,130	23.4	-3.1
<b>Benefit Levels</b>			
< \$50	510	23.6	-1.7
\$50-100	16,960	40.0	-2.1
\$101-150	66,450	42.3	-2.0
\$151-200	92,750	40.2	-3.3
Total<\$201	176,670	40.9	-2.7
>\$200	368,650	34.6	-4.3
<b>National</b>	545,320	36.4	-3.9
Source: EI Administrative Data.			



Benefit Repayment (Clawback)				
	People Who Repaid Benefits		Amount Repaid	
	1997	% Change from 1996 to 1997 <sup>2</sup>	1997 (\$000)	% Change from 1996 to 1997 <sup>2</sup>
<b>Province/Territory</b>				
Newfoundland	2,136	-34.6	2,623	-22.8
Prince Edward Island	417	-29.8	806	32.1
Nova Scotia	2,749	4.3	3,502	-3.0
New Brunswick	1,449	-18.2	1,654	-22.5
Quebec	15,969	2.7	14,949	-0.4
Ontario	30,906	0.9	25,808	11.2
Manitoba	1,387	15.8	1,210	4.0
Saskatchewan	1,617	22.3	1,219	1.3
Alberta	8,336	16.3	6,402	1.8
British Columbia	14,120	-1.7	11,536	-5.0
Northwest Territories	372	-0.8	350	-2.4
Yukon	266	0.0	252	1.3
<b>National<sup>1</sup></b>	79,736	0.7	70,324	1.4
Source: Benefit Repayment Administrative File (October 1998).				
Notes: 1. Total does not add up because non-residents are included.				
2. The figures for 1996 were revised due to updates in the data files.				

## Intensity Rule

	All Claims Affected by the Intensity Rule						Affected Claims Relative to All Regular and Fishing Claims			Savings as a Result of Intensity Rule		
	Number of Claims Affected	% Change from 1997/98 <sup>1</sup>	Average Weekly Benefit <sup>2</sup>	% Change from 1997/98	% of Total Claims Affected <sup>3</sup>	% Change from 1997/98 <sup>4</sup>	Total Regular & Fishing Claims	Affected Claims as a % Regular + Fishing <sup>5</sup>	% Change from 1997/98 <sup>6</sup>	Total Savings (\$000s) <sup>7</sup>	% of Total Savings	% Change from 1997/98
Province/Territory	49,730	36.5	280	-1.4	9.3	-2.1	82,600	60.2	26.1	12,512	14.5	127.3
Newfoundland	14,990	31.4	262	0.2	2.8	-0.8	22,526	66.5	30.1	3,325	3.9	128.1
Prince Edward Island	39,120	52.8	277	3.6	7.3	-0.7	75,507	51.8	57.9	7,417	8.6	139.8
Nova Scotia	50,640	36.3	268	-0.6	9.5	-2.2	86,291	58.7	36.0	10,158	11.8	112.9
New Brunswick	201,220	58.9	284	0.4	37.8	-2.0	486,482	41.4	68.0	31,638	36.7	116.4
Quebec	84,820	104.0	306	1.9	15.9	2.9	366,419	23.1	111.3	10,044	11.6	135.9
Ontario	10,680	159.2	298	6.4	2.0	0.7	44,512	24.0	148.5	1,307	1.5	223.6
Manitoba	9,160	199.3	307	5.2	1.7	0.8	38,151	24.0	158.5	1,235	1.4	286.7
Saskatchewan	18,900	201.9	330	5.1	3.5	1.6	116,162	16.3	140.5	2,368	2.7	272.1
Alberta	51,490	107.0	308	2.0	9.7	1.9	190,160	27.1	112.2	7,282	8.4	161.7
British Columbia	720	24.1	338	1.4	0.1	0.0	2,960	24.3	4.0	N/A	N/A	N/A
Northwest Territories	1,100	66.7	356	3.6	0.2	0.0	2,520	43.7	87.8	N/A	N/A	N/A
Yukon												
Sex												
Men	376,430	65.8	320	1.4	70.7	-0.6	928,859	40.5	63.6	67,403	78.1	127.3
Women	156,140	71.0	214	4.8	29.3	0.6	585,431	26.7	77.6	18,505	21.5	129.6
Age												
Under 25	40,900	54.5	248	4.0	7.7	-0.6	197,597	20.7	50.1	5,271	6.1	101.2
25 to 44	296,550	65.7	294	2.2	55.7	-0.5	872,459	34.0	67.8	47,609	55.2	124.8
45 to 54	127,190	73.6	293	1.0	23.9	0.9	300,309	42.4	73.5	21,302	24.7	133.3
55 and over	67,930	71.3	286	1.1	12.8	0.3	143,925	47.2	77.6	11,953	13.9	140.3
EI History												
Frequent Claimants <sup>8</sup>	397,750	61.7	302	2.1	74.7	-2.6	602,091	66.1	70.2	71,616	83.0	128.4
All Other Claimants	134,820	86.3	253	3.9	25.3	2.6	912,199	14.8	82.0	14,638	17.0	118.6
National	532,570	67.3	289	2.0	100.0	0.0	1,514,290	35.2	68.4	86,254	100.0	125.8

Source: EI Administrative Data.

Due to the small sample size, the territories have not been separated out for the analysis of savings as a result of the intensity rule.

Notes: 1. Differences in the numbers of claims affected by the intensity rule between 1997/98 and 1998/99, expressed as a % of the 1997/98 numbers.

2. Averages refer to weekly payments for claims affected by the intensity rule.

3. Percentage distribution of claims affected by the intensity rule by the indicated categories.

4. Changes in percentage distribution of affected claims between the two fiscal years. A negative value indicates that the share among affected claims of that category decreased between the two fiscal years. A positive value indicates the opposite.

5. Claims affected by the intensity rule (i.e. the number of claims affected within the category expressed as a % of all regular &amp; fishing claims within that category).

6. Changes in this column represent incremental odds of being affected by the intensity rule between the two fiscal years. For example, a value of "25" means that in the given category 25% more claimants were affected in 1998/99 than in 1997/98.

7. Numbers may not add to National total due to rounding.

8. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

## Employment Insurance Benefits Evaluation Studies

The following is a tentative schedule for Internet publication (<http://www.hrdc-drhc.gc.ca/edd>) of 13 Employment Insurance Benefits Evaluation Studies undertaken by 21 external experts. These experts are drawn from fifteen universities and a private consulting firm. The listing presents the expected order of publication based upon an assessment of what remains to be completed. These studies will be released in the period between March – June 2000.

1. Shelley Phipps (Dalhousie University), Martha MacDonald (St. Mary's University) and Fiona MacPhail (University of Northern British Columbia), *Impact of the Family Income Supplement*.

Study objective: to evaluate the impact of the Family Supplement on family income, especially for low-income households. It examines whether the Family Supplement is more targeted to low-income households than the previous Dependency Rate, and / or offers higher income protection to low-income households. The study also identifies those who receive more (or fewer) benefits from the policy changes.

2. David Cheal (University of Winnipeg) and Karen Kampen (University of Manitoba), *The EI Family Supplement and Relative Income in Two-Earner Families with Children*.

Study objective: to evaluate how women and children are affected by the eligibility conditions and benefit levels under EI and the Family Supplement.

3. Constantine Kapsalis (Data Probe Economic Consulting), *Evaluation of the Impact of Bill C-12 on New Entrants and Re-Entrants*.

Study objective: to evaluate to what extent the 1995 New Entrants and Re-entrants would have been affected by the new EI legislation. It estimates the employment behavioural responses of individuals and predicts the annual cost savings to the EI program.

4. Shelley Phipps (Dalhousie University) and Fiona Macphail (University of Northern British Columbia), *Changes in Access to Benefits Resulting from Changes to New and Re-Entrant Requirements*.

Study objective: to identify the New Entrants and Re-entrants population among individuals who experienced a job separation in 1995 – 1997, and to investigate the change in their access to benefits that may be attributed to the UI-to-EI change.

5. Stephen Jones (McMaster University), *EI Impacts on Unemployment Durations and Benefits Receipt*.

Study objective: to assess the initial EI impacts on unemployment and benefit durations.

## Employment Insurance Benefits Evaluation Studies (cont'd)

6. Guy Lacroix and Marc Van Audenrode (Université Laval), *An Assessment of Various Components of C-12 on the Duration of Unemployment Spells*.

Study objective: to estimate the effects of the new EI legislative changes on individuals' unemployment durations and claimants' benefit durations.

7. Arthur Sweetman (University of Victoria), *Impact on Those Working Less than 15 Hours*.

Study objective: to assess the changes in the patterns of working hours for all jobs and for new jobs, to investigate the changes in multiple job holding patterns, and to quantify the changes in benefit eligibility and entitlement.

8. Craig Riddell & David Green (University of British Columbia), *The Effects of the Switch in the Entrance Requirement from a Weeks Based to an Hours Based System*.

Study objective: to evaluate the impact of the switch to the hours-based system on eligibility and entitlement, especially for "non-standard" job workers, and to investigate who benefited from the change.

9. Marc Van Audenrode (Université Laval) and Pierre Fortin (Université du Québec à Montréal), *The Impact of Experience Rating of the Unemployed Worker*.

Study objective: to evaluate the initial impacts of the intensity rule on claimants' use of EI and to provide some preliminary findings in terms of the cost savings involved.

10. Peter Kuhn (University of California at Santa Barbara), *Cross-Subsidization between Full- and Part-Time Workers under the EI Act*.

Study objective: to evaluate whether EI results in a net transfer of income to part-time workers. A secondary purpose is to consider the implications of income redistribution between a number of socio-economic groups as a result of extending EI coverage to part-time workers.

11. Jean-François Bertrand, Marc Van Audenrode and Jean-Yves Duclos (Université Laval), *Unemployment Insurance Take-up and Job Search*.

Study objective: to evaluate the relationship between EI, the decision of the unemployed to claim benefits and their re-employment behaviours.

12. Jane Friesen and Dennis Maki (Simon Fraser University), *An Evaluation of the Impact of Bill C-12 on the Weekly Hours of Work Distribution*.

Study objective: to examine workers' and firms' changing weekly work schedules as responses to EI.

13. Thomas Crossley (National Australian University) and Martin Browning (Institute of Economics, Copenhagen), *The Impact of the EI Act on the Long-Run Effects of a Job Displacement*.

Study objective: to estimate the long run effects of EI on a job separator's family income and expenditures.



## **ANNEX 3**

### **Employment Benefits and Support Measures Data Tables**

- 3.1 Overview of Funding for Federal-Provincial-Territorial Labour Market Development Agreements**
- 3.2 EBSM Interventions by Province/Territory 1998/99**
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- 3.6 EBSM Average Cost per Intervention by Province/Territory 1998/99**
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- 3.8 EBSM Designated Group Member by Intervention – New Starts – Women 1998/99**
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- 3.10 EBSM Designated Group Member by Intervention – New Starts – Aboriginal Peoples 1998/99**
- 3.11 EBSM Designated Group Member by Intervention – New Starts – Visible Minorities 1998/99**
- 3.12 1998/99 Results & Targets – Returns to Employment and Unpaid Benefits Indicators**
- 3.13 EBSM Employment Insurance Clients Served by Client Types 1998/99**



## Overview of Federal-Provincial/Territorial Labour Market Development Agreements

Province/Territory	Type of Agreement	Signature Date	Implementation Date	1999/2000 Allocation (\$000)	1998/1999 Allocation (\$000)	1997/1998 Allocation (\$000)
Newfoundland	Co-management	March 24, 1997	April 1997	116,160	106,382	85,837
Prince Edward Island	Co-management	April 26, 1997	May 1997	22,788	20,985	17,787
Nova Scotia	Co-management	April 24, 1997	January 1, 1998	75,830	71,427	62,605
New Brunswick	Transfer	December 13, 1996	April 1, 1997	83,956	78,031	66,430
Quebec	Transfer agreement-in-principle	April 21, 1997	April 1, 1998	561,145	527,596	457,298
Ontario	Implementation Agreement	November 28, 1997				
	Under negotiation	N/A	N/A	520,000	499,700	450,500
Manitoba	Transfer	April 27, 1997	November 27, 1997	49,351	48,660	46,315
Saskatchewan	Transfer	February 6, 1998	January 1, 1999	37,133	36,132	33,530
Alberta	Transfer	December 6, 1996	November 1, 1997	109,221	106,488	97,517
British Columbia	Co-management (commitment to negotiate transfer included in agreement)	April 25, 1997	April 25, 1997	266,014	247,035	205,920
Northwest Territories	Transfer	February 27, 1998	October 1, 1998	4,812	4,427	3,547
Yukon	Co-management	January 24, 1998	February 1998	3,535	3,166	2,650

Notes: 1. The new territory of Nunavut is expected to begin negotiating a LMMA in the Fall of 1999. This territory is currently being served under the NWT LMMA.

2. This chart does not include funds that are transferred to cover administration costs.

# **EBSM** **Interventions by Province/Territory\*** **1998/99**

1998/99 EBSM Interventions	Nfld.	P.E.I.	N.S.	N.B. <sup>2</sup>	Que.	Ont.	Man.	Sask.	Alberta	B.C.	N.W.T.	Yukon	Canada
<b>Long-Term Interventions</b>													
Targeted Wage Subsidies	936	601	1,050	4,261	12,493	6,450	375	106	1,697	2,631	18	11	30,629
Self-Employment	322	151	717	295	4,061	5,493	499	231	1,475	3,470	44	150	16,908
Job Creation Partnerships	4,557	256	839	7,342	5,963	3,958	401	81	3,419	2,112	4	58	28,990
Enhanced Fee-payers	7,444	1,526	3,127	7,643	27,352	10,564	3,925	2,190	632	9,873	186	144	74,606
Training Purchases	4,281	1,262	5,256	1,246	15,665	23,267	1,832	2,631	22,667	11,201	265	229	89,802
Project Based Training	224	209	69	233	9,120	7,188	814	973	1,207	5,109	0	9	25,155
<b>Total LT Interventions</b>	<b>17,764</b>	<b>4,005</b>	<b>11,058</b>	<b>21,020</b>	<b>74,654</b>	<b>56,920</b>	<b>7,846</b>	<b>6,212</b>	<b>31,097</b>	<b>34,396</b>	<b>517</b>	<b>601</b>	<b>266,090</b>
<b>Short-Term Interventions</b>													
Employment Assistance	255	808	2,717	1,170	37,011	34,889	7,930	250	69,867	39,335	9	73	194,314
Group Services	1,080	401	3,338	634	0	107,513	2,541	709	0	12,383	0	14	128,613
Individual Counselling	5,690	783	3,375	5,335	0	7,795	4,811	2,420	18	1,826	39	3	32,095
Supplément de retour au travail*	N/A	N/A	N/A	N/A	13,282	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13,282
<b>Total ST Interventions</b>	<b>7,025</b>	<b>1,992</b>	<b>9,430</b>	<b>7,139</b>	<b>50,293</b>	<b>150,197</b>	<b>15,282</b>	<b>3,379</b>	<b>69,885</b>	<b>53,544</b>	<b>48</b>	<b>90</b>	<b>368,304</b>
Pan-Canadian	101	0	116	305	922	919	196	24	2,467	1,143	154	47	6,394
<b>Grand Total – EBSM<sup>3</sup></b>	<b>24,890</b>	<b>5,997</b>	<b>20,604</b>	<b>28,464</b>	<b>125,869</b>	<b>208,036</b>	<b>23,324</b>	<b>9,615</b>	<b>103,449</b>	<b>89,083</b>	<b>719</b>	<b>738</b>	<b>640,788</b>

Source: Client Data Set.

Notes: 1. Participants: Active/Former Claimants/Non-Insured (Employment Assistant Services, counselling).

2. Excludes 437 participants to Enhanced Fee-payers. New Brunswick have coded these interventions in NESS under Research and Innovations.

3. Grand Total includes other EBSM (Targeted Earnings Supplements, TAGS, Strategic Initiatives (SI), Canadian Steel Trade and Employment Congress (CSTEC) Fee-payers, NB Works, CSTEC Coordinating Groups, Labour Market Boards).

\* Intervention available in Quebec only.



EBSM Part I Final Expenditures (\$000) by Intervention 1998/1999														
1998/99 EBSM Part I	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alberta	B.C.	N.W.T.	Yukon	NHQ	Canada
Self-Employment	1,053	430	2,570	1,781	14,620	17,606	2,036	1,218	4,690	8,390	453	87	0	54,934
Job Creation Partnerships	3,673	354	1,333	2,252	11,406	6,842	817	252	97	3,257	0	126	0	30,409
CSTEC* Feepayers	0	0	95	0	0	277	0	0	0	0	0	0	0	372
SLG**/Enhanced Feepayers	15,669	4,804	7,282	21,583	65,247	24,402	11,317	4,962	1,191	23,923	767	438	0	181,585
Training Purchases	7,451	2,108	8,148	223	36,206	51,910	3,352	5,276	42,479	24,322	769	618	0	182,862
Project-Based Training	144	222	1	3	8,705	14,475	1,503	1,878	3,770	8,264	0	0	0	38,965
Other <sup>1</sup>	2	0	14	8	185	185	0	0	4	463	0	131	0	992
Total - Part I <sup>2</sup>	27,991	7,918	19,443	25,850	136,370	115,697	19,025	13,585	52,231	68,619	1,989	1,400	0	490,118

Source: Financial Information System.

Notes: 1. "Other" includes: unidentified options (\$0.046 M), Youth Internship Program (\$0.188 M), CSTEC Coordinating Groups (\$0.201 M) and Labour Market Boards (\$0.556 M).

2. Numbers may not add due to rounding.

\* CSTEC = Canadian Steel Trade and Employment Congress.

\*\* SLG = Skills Loans and Grants.

### EBSM Part II Final Expenditures (\$000) by Intervention 1998/99

1998/99 EBSM Part II	Nfld.	P.E.I.	N.S.	N.B.	Que. <sup>1</sup>	Ont.	Man.	Sask.	Alberta	B.C.	N.W.T.	Yukon	NHQ	Canada
<b>Long-Term Interventions</b>														
Targeted Wage Subsidies	5,893	2,641	3,255	11,263	6,780	30,614	1,162	1,483	2,936	10,280	544	81	0	76,932
Self-Employment	3,016	1,611	6,631	3,696	32,787	47,222	4,056	2,850	5,653	27,757	261	423	0	135,963
Job Creation Partnerships	21,286	1,241	4,476	15,363	24,370	20,422	1,948	542	7,122	15,471	0	177	181	112,599
SLG*/Enhanced Fepayers	27,174	5,551	8,774	24,928	158,602	20,603	14,439	13,102	34,162	26,668	799	165	0	334,967
Training Purchases	28,010	4,637	31,968	29	170,811	107,545	4,849	7,390	1,764	48,125	401	888	15	406,432
Project Based Training	809	928	0	0	31,480	45,276	5,478	7,390	1,576	30,300	0	0	0	123,237
<b>Total LT Interventions</b>	<b>86,188</b>	<b>16,609</b>	<b>55,104</b>	<b>55,279</b>	<b>424,830</b>	<b>271,682</b>	<b>31,932</b>	<b>32,757</b>	<b>53,213</b>	<b>158,601</b>	<b>2,005</b>	<b>1,734</b>	<b>196</b>	<b>1,190,130</b>
<b>Short-Term Interventions</b>														
Employment Assistance	9,895	1,318	8,088	5,502	50,755	118,736	8,016	2,027	27,697	77,493	174	827	0	310,528
<b>Total ST Interventions</b>	<b>9,895</b>	<b>1,318</b>	<b>8,088</b>	<b>5,502</b>	<b>50,755</b>	<b>118,736</b>	<b>8,016</b>	<b>2,027</b>	<b>27,697</b>	<b>77,493</b>	<b>174</b>	<b>827</b>	<b>0</b>	<b>310,528</b>
<b>Other</b>														
LMA** Administration Costs <sup>2</sup>	0	0	0	11,309	75,756	0	9,515	4,526	12,371	0	1,066	0	0	114,543
Labour Market Partnerships	9,821	3,322	8,347	3,308	51,731	67,550	3,604	840	1,838	11,561	632	593	0	163,147
Research & Innovations	0	0	0	16,647	260	0	2,315	139	0	0	0	0	0	19,361
Adjustment to Balance <sup>3</sup>	(188)	14	(97)	(416)	(5,253)	(103)	(495)	(233)	(2,185)	(1,229)	149	(15)	(5,614)	(15,665)
<b>Total Other</b>	<b>9,633</b>	<b>3,336</b>	<b>8,250</b>	<b>30,848</b>	<b>122,494</b>	<b>67,447</b>	<b>14,939</b>	<b>5,272</b>	<b>12,024</b>	<b>10,332</b>	<b>1,847</b>	<b>578</b>	<b>(5,614)</b>	<b>281,386</b>
<b>Total - Part II</b>	<b>105,716</b>	<b>21,263</b>	<b>71,442</b>	<b>91,629</b>	<b>598,079</b>	<b>457,865</b>	<b>54,886</b>	<b>40,056</b>	<b>92,934</b>	<b>246,426</b>	<b>4,026</b>	<b>3,139</b>	<b>(5,418)</b>	<b>1,782,043</b>

Source: Financial Information System and Provincial Audited Statements.

Notes: 1. Excludes the additional \$93 million spent by the provincial government on EI clients.

2. Administration costs include: \$55,000 (salary + non-salary), \$19,066 (agreement to develop provincial capacity required for Labour Market Development Agreement (LMDA) implementation), \$978 (staff re-organization) and \$548 (rent).

3. Accrual adjustments take into consideration accrual balances at the beginning of the year and at year-end.

\* SLG = Skills Loans and Grants.

\*\* LMA = Labour Market Agreement.

# **EI Part II Pan-Canadian Final Expenditures (\$000) by Intervention<sup>1</sup> 1998/99**

1998/99 Pan-Canadian	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alberta	B.C.	N.W.T.	Yukon	NHQ	Canada
<b>Training Purchases</b>	38	0	136	9	35	3,995	34	922	0	0	0	0	7	5,177
<b>Regional Bilateral Agreements</b>	1,444	148	1,540	983	5,619	33,902	6,516	6,655	9,405	10,346	3,881	0	2,379	82,818
<b>EBSM</b>														
Targeted Wage Subsidies	0	0	76	29	66	74	0	4	0	0	0	0	345	594
Self-Employment	0	0	28	0	125	25	1	5	0	0	0	0	0	184
Job Creation Partnerships	0	0	177	37	34,855	14,410	24	0	0	1,053	0	0	0	50,556
Skills, Loans & Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enhanced Fee-payers	14	0	932	0	135	2	17	7	2	19	0	0	0	1,128
Employment Assistance	0	0	790	127	149	0	3,085	0	0	1,617	0	0	671	6,439
<b>Total EBSM</b>	14	0	2,003	193	35,330	14,511	3,127	16	2	2,689	0	0	1,016	58,901
<b>Other</b>														
Project Based Training	0	0	11	0	36	0	255	156	0	0	0	0	0	458
CSTEC*	0	0	0	0	8	30	0	0	0	0	0	0	0	38
Local Labour Market Board	547	337	1,011	734	3,346	5,317	738	588	957	1,675	194	102	0	15,546
National Labour Market Partnership	0	0	0	18	1,042	6,006	66	80	315	117	0	0	51,473	59,117
Research and Innovations	0	0	0	0	0	0	0	0	0	0	0	0	11,929	11,929
<b>Total Other</b>	547	337	1,022	752	4,432	11,353	1,059	824	1,272	1,792	194	102	63,402	87,088
<b>Grand Total</b>	2,043	485	4,701	1,937	45,416	63,761	10,736	8,417	10,679	14,827	4,075	102	66,804	233,984

Source: Financial Information System and Provincial Audited Statements.

Note: 1. Includes expenditures for Fisheries Restructuring and Adjustment Measures, Youth, Regional Bilateral Agreements and Other pan-Canadian activities.

\* CSTEC = Canadian Steel Trade and Employment Congress.

# **EBSM** **Average Cost per Intervention by Province/Territory<sup>1</sup>** **1998/1999**

1998/99 EBSM - Part I & II	Nfld.	P.E.I.	N.S.	N.B.	Que. <sup>2</sup>	Ont.	Man.	Sask.	Alberta <sup>3</sup>	B.C.	N.W.T. <sup>4</sup>	Yukon <sup>4</sup>	Canada
<b>Long-Term Interventions</b>													
Targeted Wage Subsidies	6,296	4,394	3,100	2,643	5,093	4,746	3,099	13,991	1,730	3,907	NC	7,364	4,352
Self-Employment	12,637	13,517	12,833	18,566	13,692	11,802	12,208	17,610	7,012	7,999	5,932	3,400	11,775
Job Creation Partnerships	5,477	6,230	6,924	2,399	6,224	6,888	6,895	9,802	2,111	7,325	N/A	5,224	4,973
Enhanced Fee-payers	5,755	6,786	5,135	6,085	8,186	4,260	6,562	8,248	NC	2,701	4,296	4,188	6,506
Training Purchases <sup>5</sup>	8,283	5,345	7,632	202	13,210	6,853	4,477	4,814	NC	4,296	1,513	6,576	8,117
Project Based Training	4,254	5,500	14	13	6,672	8,313	8,576	9,525	4,429	5,931	N/A	N/A	7,270
<b>Enhanced Fee-payer and Purchase Training<sup>6</sup></b>	<b>6,678</b>	<b>6,134</b>	<b>6,701</b>	<b>5,261</b>	<b>10,016</b>	<b>6,044</b>	<b>5,898</b>	<b>6,374</b>	<b>3,416</b>	<b>5,838</b>	<b>6,067</b>	<b>5,564</b>	<b>6,726</b>
<b>Total - EBSM Part I &amp; II</b>	<b>6,427</b>	<b>6,124</b>	<b>6,740</b>	<b>3,859</b>	<b>8,681</b>	<b>6,802</b>	<b>6,495</b>	<b>7,460</b>	<b>3,391</b>	<b>6,593</b>	<b>6,914</b>	<b>4,997</b>	<b>6,320</b>

Source : Client Data Set and Financial Information System.

## Notes :

1. Average cost is equal to (Part I + Part II) divided by the number of interventions. Excludes NHQ allocation and Work Sharing. Since short-term interventions are funded out of Program Funds and Administrative Cost, it is not appropriate to show average cost.
2. Average cost for Quebec includes \$93 million in additional spending. The actual expenditures under all interventions are not reflected in Annex 3.4 due to the additional \$93 million in provincial funds.
3. Combined to reflect more reasonable average costs as a result of coding problems between the two types of interventions.
4. Due to the low number of participants, some average costs may be skewed for the Northwest Territories and the Yukon.
5. Training Purchases includes Purchase of Training – Government to Government, Coordinating Group, Canada Employment Centre (CEC) Purchase, Coordinating Group Government to Government, and Coordinating Group - CEC Purchase.
6. Expenditures reflect carry-over from the previous fiscal year, therefore differences in carry-over amount across regions can result in some variance in average costs. Also, depending on the type of interventions used across provinces/territories, varying durations will impact on average costs.

NA = Non applicable.

NC = not calculated.



# EBSM Client Profile 1998/1999

Sex	Clients Served	Unemployment Rate – Labour Force	Employment Rate – Labour Force	Participation Rate – Labour Force
Men	57.9%	8.9%	66.0%	72.4%
Women	42.1%	9.1%	52.4%	57.6%

Designated Group	Intervention Participation Rate	Unemployment Rate – Census	Employment Rate – Census	Participation Rate – Census
Women	43.2%	10.0%	42.3%	47.0%
Aboriginal People	4.3%	24.0%	28.8%	37.8%
Persons with Disabilities	1.6%	N/A	N/A	N/A
Visible Minorities	3.0%	14.2%	41.3%	48.1%

EI Clients Served	
Active Claimants	81.9%
Former Claimants	18.1%

Client to Participant Ratio	
Clients	501,633
Participants	640,788
Ratio	1.28

Age	Clients Served	1996 Census
15 to 19	3.5%	6.9%
20 to 24	15.6%	6.6%
25 to 29	15.9%	7.1%
30 to 44	41.8%	8.6%
45+	20.5%	33.1%
Missing/Invalid	2.6%	N/A

Source: Labour Force Survey as of June 5, 1999.  
1996 Census of population (20% Sample data).  
N/A = Not applicable.

# **EBSM Designated Member by Intervention** **New Starts - Women** **1998/99**

1998/99	Nfid. %	P.E.I. %	N.S. %	N.B. %	Que. %	Ont. %	Man. %	Sask. %	Alberta %	B.C. %	N.W.T. %	Yukon %	Canada %
<b>Long-Term Interventions</b>													
Targeted Wage Subsidies	47.8	46.9	42.7	59.2	44.2	39.5	47.5	39.6	45.7	41.8	44.4	63.6	45.3
Self-Employment	43.5	41.1	35.7	34.2	35.8	45.8	37.3	42.0	44.9	44.0	31.8	45.3	41.9
Job Creation Partnerships	33.6	39.5	32.8	49.4	53.9	34.8	35.9	32.1	50.8	38.4	50.0	43.1	42.5
Enhanced FeePAYERS	30.4	48.3	35.2	42.6	42.5	47.5	47.1	38.8	34.7	39.9	42.5	45.1	41.6
Training Purchases	21.7	47.0	26.4	97.3	44.6	27.9	2.7	9.5	28.3	22.1	13.2	20.1	29.2
Project Based Training	48.7	69.9	42.0	47.2	49.6	48.5	30.7	47.9	46.2	50.6	N/A	11.1	48.8
<b>Total LT Interventions</b>	<b>30.5</b>	<b>48.0</b>	<b>31.6</b>	<b>51.5</b>	<b>44.0</b>	<b>37.7</b>	<b>33.8</b>	<b>27.9</b>	<b>33.3</b>	<b>36.1</b>	<b>26.7</b>	<b>35.3</b>	<b>38.7</b>
<b>Short-Term Interventions</b>													
Employment Assistance	43.5	59.4	53.7	49.0	47.7	51.0	64.7	53.6	45.0	49.3	66.7	38.4	48.5
Group Services	46.1	45.1	42.3	41.8	N/A	44.5	40.7	32.2	N/A	42.3	N/A	50.0	44.1
Individual Counselling	38.0	57.5	42.8	46.3	N/A	48.2	45.0	44.3	16.7	42.8	61.5	33.3	44.6
Supplément de retour au travail*	N/A	N/A	N/A	N/A	40.4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	40.4
<b>Total ST Interventions</b>	<b>39.5</b>	<b>55.8</b>	<b>45.8</b>	<b>46.3</b>	<b>45.8</b>	<b>46.2</b>	<b>54.0</b>	<b>42.4</b>	<b>45.0</b>	<b>47.5</b>	<b>62.5</b>	<b>40.0</b>	<b>46.3</b>
<b>Other EBSM<sup>1</sup></b>	<b>49.5</b>	<b>N/A</b>	<b>40.5</b>	<b>38.4</b>	<b>N/A</b>	<b>37.5</b>	<b>33.2</b>	<b>50.0</b>	<b>41.1</b>	<b>41.5</b>	<b>52.0</b>	<b>44.7</b>	<b>40.6</b>
<b>Grand Total - EBSM</b>	<b>33.1</b>	<b>50.6</b>	<b>38.1</b>	<b>50.1</b>	<b>44.7</b>	<b>43.8</b>	<b>47.4</b>	<b>33.0</b>	<b>41.4</b>	<b>43.0</b>	<b>34.5</b>	<b>36.5</b>	<b>43.2</b>

Source: Client Data Set.

Participants : Active/Former Claimants - Non-Insured.

Note: 1. Other EBSM include Targeted Earnings Supplement, TAGS, Strategic Initiatives (SI), Canadian Steel Trade and Employment Congress (CSTEC)

FeePAYERS, NB Works, CSTEC Co-ordinating Groups, and Labour Market Boards.

N/A = Not applicable.

\* Intervention available in Quebec only.

# **EBSM Designated Member by Intervention** **New Starts - Persons with Disabilities** **1998/99**

1998/99	Nfld. %	P.E.I. %	N.S. %	N.B. %	Que. %	Ont. %	Man. %	Sask. %	Alberta %	B.C. %	N.W.T. %	Yukon %	Canada %
<b>Long-Term Interventions</b>													
Targeted Wage Subsidies	3.1	3.5	4.6	0.7	1.4	1.8	4.8	5.7	2.1	2.2	0.0	0.0	1.8
Self-Employment	0.9	4.6	3.8	1.0	0.4	1.4	5.0	2.6	0.9	2.0	6.8	1.3	1.5
Job Creation Partnerships	1.3	4.3	2.5	1.3	0.3	1.5	2.2	3.7	1.1	1.3	0.0	0.0	1.3
Enhanced FeePAYERS	3.9	3.3	3.1	0.6	1.1	1.4	3.2	2.9	2.4	2.3	1.1	0.7	1.8
Training Purchases	1.4	5.5	3.4	0.3	0.8	1.0	0.9	0.7	0.9	1.1	1.1	0.9	1.2
Project Based Training	0.9	4.8	1.4	2.1	2.2	0.6	3.2	3.3	1.2	1.3	N/A	0.0	1.6
<b>Total LT Interventions</b>	<b>2.5</b>	<b>4.2</b>	<b>3.4</b>	<b>0.9</b>	<b>1.2</b>	<b>1.2</b>	<b>2.8</b>	<b>2.1</b>	<b>1.0</b>	<b>1.7</b>	<b>1.5</b>	<b>0.8</b>	<b>1.5</b>
<b>Short-Term Interventions</b>													
Employment Assistance	17.6	12.0	5.9	6.3	1.0	2.4	5.5	2.4	1.0	2.0	N/A	N/A	1.8
Group Services	0.4	3.2	1.8	0.5	N/A	0.3	1.6	1.0	N/A	0.8	N/A	N/A	0.5
Individual Counselling	14.3	8.0	4.7	1.2	N/A	4.6	4.4	3.6	5.6	4.5	5.1	N/A	5.7
Supplément de retour au travail*	N/A	N/A	N/A	N/A	2.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.1
<b>Total ST Interventions</b>	<b>12.3</b>	<b>8.7</b>	<b>4.0</b>	<b>2.0</b>	<b>1.3</b>	<b>1.0</b>	<b>4.5</b>	<b>2.9</b>	<b>1.0</b>	<b>1.8</b>	<b>4.2</b>	<b>N/A</b>	<b>1.7</b>
<b>Other EBSM<sup>1</sup></b>	<b>2.0</b>	<b>N/A</b>	<b>2.6</b>	<b>0.3</b>	<b>N/A</b>	<b>2.9</b>	<b>1.0</b>	<b>N/A</b>	<b>4.8</b>	<b>0.4</b>	<b>N/A</b>	<b>2.1</b>	<b>2.9</b>
<b>Grand Total - EBSM</b>	<b>5.2</b>	<b>5.7</b>	<b>3.7</b>	<b>1.1</b>	<b>1.2</b>	<b>1.1</b>	<b>3.9</b>	<b>2.4</b>	<b>1.1</b>	<b>1.7</b>	<b>1.4</b>	<b>0.8</b>	<b>1.6</b>

Source: Clients Data Set.

Participants : Active/Former Claimants - Non-Insured.

Note: 1. Other EBSM includes Targeted Earnings Supplement, TAGS, Strategic Initiatives (SI), Canadian Steel Trade and Employment Congress (CSTEC) FeePAYERS, NB Works, CSTEC Coordinating Groups, and Labour Market Boards.

N/A = Not applicable.

\* Intervention available in Quebec only.

# **EBSM Designated Member by Intervention New Starts - Aboriginal peoples 1998/99**

1998/99	Nfld. %	P.E.I. %	N.S. %	N.B. %	Que. %	Ont. %	Man. %	Sask. %	Alberta %	B.C. %	N.W.T. %	Yukon %	Canada %
<b>Long-Term Interventions</b>													
Targeted Wage Subsidies	2.5	0.3	0.7	3.1	2.2	0.8	14.1	10.4	7.3	4.2	72.2	9.1	2.6
Self-Employment	2.8	0.0	1.1	1.0	1.9	1.2	10.4	5.6	4.0	3.2	36.4	15.3	2.6
Job Creation Partnerships	5.1	0.4	4.7	0.8	1.8	7.5	35.7	14.8	8.4	12.6	0.0	15.5	5.7
Enhanced Fee-payers	4.0	1.5	2.1	0.7	1.4	1.8	18.9	10.5	30.1	5.6	66.7	7.6	3.8
Training Purchases	2.9	0.6	1.1	1.1	1.7	1.3	7.0	9.5	4.7	3.4	36.2	10.0	3.1
Project Based Training	19.2	0.5	1.5	1.7	2.0	0.4	23.3	12.1	4.1	8.0	N/A	88.9	4.1
<b>Total LT Interventions</b>	<b>4.1</b>	<b>0.9</b>	<b>1.6</b>	<b>1.3</b>	<b>1.7</b>	<b>1.6</b>	<b>16.7</b>	<b>10.2</b>	<b>5.7</b>	<b>5.3</b>	<b>48.2</b>	<b>12.5</b>	<b>3.6</b>
<b>Short-Term Interventions</b>													
Employment Assistance	0.8	0.5	2.8	2.7	1.1	0.8	6.1	7.2	9.6	3.5	0.0	4.1	4.8
Group Services	1.9	0.3	0.6	0.0	N/A	0.6	14.2	6.1	N/A	2.1	N/A	7.1	1.0
Individual Counselling	2.5	0.5	0.7	0.5	N/A	1.0	13.1	10.1	55.6	3.3	38.5	0.0	3.8
Supplément de retour au travail*	N/A	N/A	N/A	N/A	1.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.2
<b>Total ST Interventions</b>	<b>2.3</b>	<b>0.5</b>	<b>1.3</b>	<b>0.8</b>	<b>1.1</b>	<b>0.6</b>	<b>9.6</b>	<b>9.0</b>	<b>9.6</b>	<b>3.2</b>	<b>33.3</b>	<b>4.4</b>	<b>3.3</b>
<b>Other EBSM<sup>1</sup></b>	<b>98.0</b>	<b>N/A</b>	<b>4.3</b>	<b>100.0</b>	<b>100.0</b>	<b>98.2</b>	<b>100.5</b>	<b>100.0</b>	<b>93.8</b>	<b>106.8</b>	<b>100.0</b>	<b>85.1</b>	<b>96.7</b>
<b>Grand Total - EBSM</b>	<b>4.0</b>	<b>0.7</b>	<b>1.5</b>	<b>2.2</b>	<b>2.2</b>	<b>1.4</b>	<b>12.8</b>	<b>10.0</b>	<b>10.4</b>	<b>5.4</b>	<b>58.3</b>	<b>16.1</b>	<b>4.3</b>

Source: Client Data Set.

Participants: Active/Former Claimants.

Note: 1. Other EBSM includes Targeted Earnings Supplements, TAGS, Strategic Initiatives (SI), Canadian Steel Trade and Employment Congress (CSTEC), Fee-payers, NB Works, (CSTEC) Coordinating Groups, and Labour Market Boards.

N/A = Not applicable.

\* Intervention available in Quebec only.



# **EBSM Designated Member by Intervention** **New Starts - Visible Minorities** **1998/99**

1998/99	Nfld. %	P.E.I. %	N.S. %	N.B. %	Que. %	Ont. %	Man. %	Sask. %	Alberta %	B.C. %	N.W.T. %	Yukon %	Canada %
<b>Long-Term Interventions</b>													
Targeted Wage Subsidies	0.1	0.5	1.7	0.3	N/A	4.1	8.3	4.7	8.2	5.5	5.6	N/A	3.4
Self-Employment	N/A	0.7	2.4	N/A	N/A	2.1	3.8	1.3	3.2	3.3	9.1	2.0	2.5
Job Creation Partnerships	0.2	0.8	3.3	0.4	N/A	1.6	5.5	3.7	5.3	1.8	N/A	0.0	1.6
Enhanced FeePAYERS	0.2	0.9	1.4	0.2	N/A	3.3	8.7	2.6	1.7	3.4	3.2	1.4	2.5
Training Purchases	0.1	0.7	1.5	0.1	N/A	2.1	2.9	1.0	4.0	2.9	1.5	0.4	2.6
Project Based Training	0.4	N/A	7.2	0.9	N/A	5.6	11.2	2.5	4.6	7.5	N/A	N/A	6.0
<b>Total LT Interventions</b>	<b>0.2</b>	<b>0.7</b>	<b>1.7</b>	<b>0.3</b>	<b>N/A</b>	<b>3.0</b>	<b>7.1</b>	<b>1.9</b>	<b>4.3</b>	<b>3.9</b>	<b>2.9</b>	<b>1.0</b>	<b>2.8</b>
<b>Short-Term Interventions</b>													
Employment Assistance	N/A	0.4	2.9	0.9	N/A	6.6	8.4	7.6	3.3	2.7	N/A	1.4	4.1
Group Services	0.3	0.5	1.3	N/A	N/A	1.5	6.4	1.7	N/A	2.0	N/A	7.1	1.6
Individual Counselling	0.2	0.8	1.7	0.4	N/A	3.5	7.8	2.7	0.0	6.6	5.1	N/A	2.9
<b>Total ST Interventions</b>	<b>0.2</b>	<b>0.6</b>	<b>1.9</b>	<b>0.4</b>	<b>N/A</b>	<b>2.8</b>	<b>7.9</b>	<b>2.9</b>	<b>3.3</b>	<b>2.7</b>	<b>4.2</b>	<b>2.2</b>	<b>3.0</b>
<b>Other EBSM<sup>2</sup></b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>28.2</b>	<b>N/A</b>	<b>4.5</b>	<b>0.5</b>	<b>N/A</b>	<b>7.7</b>	<b>0.7</b>	<b>12.3</b>	<b>N/A</b>	<b>6.3</b>
<b>Grand Total - EBSM</b>	<b>0.2</b>	<b>0.7</b>	<b>1.8</b>	<b>0.6</b>	<b>N/A</b>	<b>2.9</b>	<b>7.5</b>	<b>2.2</b>	<b>3.7</b>	<b>3.1</b>	<b>5.0</b>	<b>1.1</b>	<b>3.0</b>

Source: Client Data Set.

Participants: Active/Former Claimants - Non-Insured.

Notes: 1. Data unavailable in provincial management system.

2. Other EBSM includes Targeted Earnings Supplements, TAGS, Strategic Initiatives (SI), Canadian Steel Trade and Employment Congress (CSTEC) FeePAYERS, NB Works, CSTEC Coordinating Groups, and Labour Market Boards.

N/A = Not applicable.

# 1998/1999 Results and Targets Returns to Employment and Unpaid Benefits Indicators<sup>1</sup>

	Results				Targets		Variance	
	Clients who returned to Employment		Unpaid Benefits (\$M)		Clients who returned to Employment	Unpaid Benefits (\$M)	Clients who returned to Employment %	Unpaid Benefits %
	Apprentices	Group Services	Total	Apprentices	Group Services	Total		
<b>Province/Territory</b>								
Newfoundland	573	559	7,394	2.99	1.81	13.45	139.77	97.25
Prince Edward Island	94	142	2,902	0.39	0.54	4.53	145.10	113.25
Nova Scotia	544	2,377	10,974	3.74	11.04	27.95	161.05	94.84
New Brunswick	360	153	11,504	0.80	0.76	11.52	127.95	39.30
Quebec	N/A	7,170	49,995	N/A	34.69	110.32	114.82	94.83
Ontario	6,790	56,714	109,565	51.78	336.36	505.08	195.12	197.01
Manitoba	1,076	851	11,516	7.86	4.64	21.86	198.28	56.57
Saskatchewan	1,124	609	5,468	8.58	3.21	19.60	123.93	122.50
Alberta	6,938	N/A	20,076	56.16	N/A	79.37	127.91	78.51
British Columbia	3,901	6,206	37,036	32.71	39.27	120.99	120.73	85.23
Northwest Territories <sup>2</sup>	29	4	291	0.39	0.01	1.24	71.15	34.54
Yukon	58	25	276	0.57	0.12	1.31	86.79	55.74
NHQ	N/A	N/A	111	0	0	0.32	N/A	N/A
<b>National Total</b>	<b>21,487</b>	<b>74,810</b>	<b>267,108</b>	<b>165.95</b>	<b>432.46</b>	<b>917.55</b>	<b>148.31</b>	<b>121.86</b>

Source: Results Data Set.

Notes: 1. Targets and results figures reflect all Part II activity including Aboriginal EBSPs. A new methodology was used at year end to make necessary adjustments to the results figures. This new method caused the unpaid benefits to decrease. Note, targets were set using historical data and the old methodology.

2. Due to the mid-year turnover from HRDC to the Government of the Northwest Territories and the lack of available data, the results figures for NWT are understated.

N/A = Not applicable.

**EBSM**  
**Employment Insurance Clients Served by Client Types**  
**1998/99**

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yukon	Canada
<b>Fiscal Year 1998/99</b>													
El Claimants Served Established Targets	19,645	5,385	13,766	65%	133,410	N/A	65%	65%	24,820	53,730	65%	759	N/A
Active Claimants	10,545	3,083	11,292	10,934	54,687	155,693	10,490	5,467	30,818	41,757	322	382	335,480
Former Claimants	3,611	815	2,715	5,246	26,995	14,451	1,735	667	7,408	10,589	29	75	74,336
<b>Sub-total - El Clients</b>	<b>14,156</b>	<b>3,898</b>	<b>14,007</b>	<b>16,180</b>	<b>81,682</b>	<b>170,144</b>	<b>12,225</b>	<b>6,134</b>	<b>38,226</b>	<b>52,346</b>	<b>351</b>	<b>457</b>	<b>409,806</b>
<b>Non-Insured<sup>2</sup></b>	4,173	691	2,671	5,735	9,577	15,259	4,737	1,346	29,401	17,951	182	104	91,827
<b>Total Clients</b>	<b>18,329</b>	<b>4,589</b>	<b>16,678</b>	<b>21,915</b>	<b>91,259</b>	<b>185,403</b>	<b>16,962</b>	<b>7,480</b>	<b>67,627</b>	<b>70,297</b>	<b>533</b>	<b>561</b>	<b>501,633</b>

Notes: 1. Quebec's LMDA has a commitment in terms of EI clients served (133,410), with a focus on active EI claimants. However, targets were based on the number of interventions. Excludes 4,900 interventions under Job Creation Partnerships and 4,149 under Purchase of Training - no client type information available.  
2. Relates only to Employment Assistance and Individual Counselling Clients.

N/A = Not applicable.





## **ANNEX 4**

### **Community Adjustment Data Tables**

- 4.1 Tracking the Future: Communities at a Glance**
- 4.2 Proportion of Claimants Who Worked Two or More Weeks Above the Minimum**
- 4.3 Proportion of Claimants Who Worked Exactly Two Weeks Above the Minimum**



## Tracking the Future: Communities at a Glance

Community <sup>1</sup>	Demographic Factors				Community Characteristics		
	Average Age of Persons who Separated from Employment		Proportion of Males among Persons who Separated from Employment (%)		Predominant Language in Community <sup>2</sup>	Type of Community (Urban/Rural/Mixed) <sup>2</sup>	Population Census 1996 <sup>2</sup>
	1998	1997	1998	1997			
Clareville	37	36	61	61	English	Mixed	5,335
P.E.I.	36	35	55	56	English	Mixed	134,557
Truro	35	35	56	57	English	Small Urban	11,938
Miramichi	36	36	58	59	English <sup>3</sup>	Small Urban	19,241
Repentigny	36	36	56	55	French	Small Urban	53,824
Montreal Centre East	35	35	53	53	French	Small Mixed	1,775,846
Toronto Centre	35	33	43	45	English	Large Urban	2,385,421
Hamilton Mountain	35	35	49	50	English	Large Urban	467,799
St. Boniface	34	33	48	49	French	Large Urban	618,477
Prince Albert	35	34	55	56	English	Small Mixed	34,777
Calgary	34	32	53	56	English	Large Urban	821,628
Kelowna	35	34	54	54	English	Small Urban	304,477
Surrey	35	35	52	53	English	Small Urban	89,442
Yellowknife	33	33	55	53	English	Small Urban	17,275

Sources: Data from a variety of sources including Statistics Canada Labour Force Survey, 1996 Census, and EI Administrative files. Unless otherwise stated, the information is based on persons with a job separation in 1997.

- Notes:
1. In some cases, due to availability of data, the information provided may pertain to areas that do not conform exactly to the community's HRCC's boundaries.
  2. This pertains to the community as a whole.
  3. Although predominantly anglophone, this community contains a large number of Francophones.





# Tracking the Future: Communities at a Glance (cont'd)

Community <sup>1</sup>	Economic Characteristics							
	Average Number of Unique Employers in 1996 per person who separated from employment		Industry with Highest Concentration of persons who separated from employment		Industry with Second Highest Concentration of persons who separated from employment		Industry with Third Highest Concentration of persons who separated from employment	
	1998	1997	1998	1997	1998	1997	1998	1997
Clareville	1.5	1.4	Manufacturing	Manufacturing	Fishing	Construction	Construction	Retail Trade
P.E.I.	1.7	1.7	Manufacturing	Manufacturing	Wholesale	Retail Trade	Construction	Construction
Truro	1.6	1.5	Construction	Manufacturing	Manufacturing	Construction	Retail Trade	Retail Trade
Miramichi	1.5	1.5	Construction	Construction	Gov't Services	Manufacturing	Manufacturing	Gov't Services
Repentigny	1.6	1.6	Manufacturing	Manufacturing	Construction	Retail Trade	Retail Trade	Construction
Montreal Centre East	1.7	1.7	Manufacturing	Manufacturing	Business Services	Retail Trade	Other Services	Other Services
Toronto Centre	1.6	1.6	Business Services	Business Services	Education	Retail Trade	Other Services	Other Services
Hamilton Mountain	1.7	1.6	Manufacturing	Manufacturing	Construction	Retail Trade	Retail	Construction
St. Boniface	1.8	1.7	Education	Retail Trade	Retail	Manufacturing	Accommodation, Food Services	Educational Services
Prince Albert	1.8	1.7	Construction	Retail Trade	Education	Accommodation, Food Services	Accommodation, Food Services	Construction
Calgary	2.0	1.9	Business Services	Accommodation, Food Services	Accommodation, Food Services	Business Services	Other Services	Other Services
Kelowna	1.8	1.7	Construction	Retail Trade	Accommodation, Food Services	Construction	Retail	Accommodation, Food Services
Surrey	1.6	1.6	Manufacturing	Manufacturing	Construction	Retail Trade	Business Services	Construction
Yellowknife	1.9	1.9	Gov't Services	Construction	Construction	Educational Services	Accommodation, Food Services	Retail Trade

Sources: Data from a variety of sources including Statistics Canada Labour Force Survey, 1996 Census, and EI Administrative files.

Unless otherwise stated, the information is based on persons with a job separation in 1997.

Note: 1. In some cases, due to availability of data, the information provided may pertain to areas that do not conform exactly to the community's HRCC's boundaries.

## Tracking the Future: Communities at a Glance (cont'd)

Community <sup>1</sup>	Income Support Characteristics								
	Average social assistance benefits claimed in 1996 per person who separated from employment		Persons who received social assistance benefits in 1996 as a proportion of those who separated from employment (%)		Persons who received social assistance in 1996 as a proportion of those who separated from employment and had a subsequent EI claim (%)		EI recipients as a proportion of those who separated from employment <sup>2</sup> (%)		Persons who had an EI claim after separation from employment as a proportion of those who separated from employment in that year <sup>3</sup> (%)
	1998	1997	1998	1997	1998	1997	1998	1997 <sup>4</sup>	
Clarenville	\$2,757	\$3,553	4	5	3	4	74	74	70
P.E.I.	\$3,877	\$4,531	6	6	5	6	74	72	64
Truro	\$3,766	\$4,640	6	7	3	5	54	58	52
Miramichi	\$3,086	\$3,979	7	8	5	7	66	72	65
Repentigny	\$3,168	\$4,084	8	9	4	7	51	55	48
Montreal Centre East	\$3,501	\$4,394	15	16	6	12	42	46	41
Toronto Centre	\$3,952	\$4,483	4	4	1	4	24	23	20
Hamilton Mountain	\$5,041	\$5,788	6	7	2	6	36	40	36
St. Boniface	\$3,759	\$4,952	7	7	3	5	34	35	31
Prince Albert	\$3,688	\$4,210	6	10	3	8	46	42	36
Calgary	\$2,957	\$3,470	7	8	2	8	27	21	18
Kelowna	\$3,173	\$4,248	10	12	5	9	46	45	38
Surrey	\$3,588	\$4,603	8	9	3	7	47	47	40
Yellowknife	\$3,782	\$4,235	13	12	5	10	31	30	28

Sources: Data from a variety of sources including Statistics Canada Labour Force Survey, 1996 Census, and EI Administrative files.

Unless otherwise stated, the information is based on persons with a job separation in 1997.

Notes: 1. In some cases, due to availability of data, the information provided may pertain to areas that do not conform exactly to the community's HRCC's boundaries.

2. This column is calculated by dividing the number of EI beneficiaries (from the T1 income files) in 1997 by the number of those with separation from employment in that year.

3. Source: Status Vector.

4. Figures in this table underestimate the proportion of those claims (on the EI files) subsequent to job separation - the EI files were available.

## Proportion of Claimants Who Worked Two or More Weeks Above the Minimum

		Total	Nfld.	P.E.I.	N.S.	N.B.	Quebec		Ontario
			Clarenville		Truro	Miramichi	Repentigny	Montreal C-E	Toronto Centre
		(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
1992/93	Annual	89.2	64.6	70.8	89.9	69.8	95.0	96.5	98.3
	92 Qtr-2	93.8	77.3	86.6	92.8	78.1	95.2	96.6	98.3
	92 Qtr-3	85.8	63.2	59.2	88.6	64.6	94.6	96.7	98.5
	92 Qtr-4	87.9	60.2	73.1	89.7	67.6	95.0	96.3	98.0
	93 Qtr-1	92.1	63.5	81.8	89.3	75.2	95.5	96.6	98.6
1993/94	Annual	88.2	62.2	68.9	90.0	70.9	96.0	96.6	98.3
	93 Qtr-2	94.2	74.4	83.9	91.8	83.8	96.9	97.6	98.8
	93 Qtr-3	82.8	48.3	56.0	88.0	66.0	95.8	95.8	98.3
	93 Qtr-4	86.8	66.3	71.1	88.1	67.0	96.0	96.2	97.8
	94 Qtr-1	91.7	63.6	80.5	93.7	75.3	95.3	96.7	98.2
1994/95	Annual	88.9	73.6	72.5	89.6	72.3	95.0	96.1	98.4
	94 Qtr-2	96.0	92.1	92.8	92.4	90.9	96.0	97.7	98.1
	94 Qtr-3	85.0	55.8	59.2	85.9	68.5	94.8	95.7	98.9
	94 Qtr-4	86.2	74.3	71.8	90.5	66.8	94.8	95.2	98.6
	95 Qtr-1	91.5	75.6	79.3	88.4	75.2	95.1	96.1	98.0
1995/96	Annual	90.0	74.1	75.6	91.8	76.1	95.2	96.0	98.4
	95 Qtr-2	93.6	81.6	82.7	88.7	83.6	95.0	97.1	98.3
	95 Qtr-3	85.9	54.9	61.9	91.2	69.6	94.5	96.1	98.8
	95 Qtr-4	89.1	79.5	79.3	92.6	73.8	95.3	95.3	98.1
	96 Qtr-1	93.5	81.6	84.5	93.2	81.9	96.1	95.8	98.1
1996/97	Annual	93.4	86.5	87.5	94.8	84.9	95.9	96.6	98.6
	96 Qtr-2	94.8	87.5	84.7	94.0	87.6	96.8	96.9	98.4
	96 Qtr-3	90.9	82.0	80.5	92.4	75.6	93.9	95.6	98.8
	96 Qtr-4	92.9	87.4	90.4	95.7	85.5	96.4	96.9	98.5
	97 Qtr-1	95.7	89.2	92.3	95.3	89.3	95.9	97.1	98.7
1997/98	Annual	95.6	89.9	91.5	95.8	93.3	96.2	97.3	97.9
	97 Qtr-2	96.1	90.6	91.7	95.3	91.3	96.8	97.5	97.1
	97 Qtr-3	95.1	91.1	88.8	95.3	90.7	95.6	97.2	98.9
	97 Qtr-4	95.5	89.8	92.6	96.0	94.5	96.7	96.8	97.9
	98 Qtr-1	95.9	88.1	91.7	96.2	93.7	95.1	98.1	97.6
1998/99	Annual	95.1	83.6	92.0	95.7	94.1	96.1	96.4	98.0
	98 Qtr-2	96.0	89.8	94.4	96.5	93.7	95.6	95.7	97.9
	98 Qtr-3	94.2	80.7	87.6	96.0	95.0	95.4	96.0	98.0
	98 Qtr-4	95.7	89.7	93.5	96.1	94.3	96.6	97.2	98.1
	99 Qtr-1	94.5	71.4	92.8	94.3	92.8	96.2	96.4	97.8

Source: Employment Insurance Administrative Data.

Note: Please note that definitions used in this table differ from those used in the 1998 report. Consequently, the numbers for the years 1992 to 1998 may not be identical to those in the 1998 report.



## Proportion of Claimants Who Worked Two or More Weeks Above the Minimum (cont'd)

		Total	Ontario	Manitoba	Sask.	Alberta	B.C.		N.W.T.
			Hamilton-Mountain	St. Boniface	Prince Albert	Calgary	Kelowna	Surrey	Yellowknife
		(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
1992/93	Annual	89.2	96.8	97.3	96.6	97.5	95.9	95.2	97.5
	92 Qtr-2	93.8	96.5	96.3	95.3	98.0	95.4	96.5	98.2
	92 Qtr-3	85.8	98.0	98.6	97.2	98.2	96.7	94.6	99.2
	92 Qtr-4	87.9	96.1	97.0	96.9	96.7	95.8	94.4	95.9
	93 Qtr-1	92.1	96.5	96.8	96.5	97.5	95.9	96.1	96.5
1993/94	Annual	88.2	96.8	96.5	96.3	97.4	94.9	92.6	97.4
	93 Qtr-2	94.2	97.0	96.3	96.8	97.7	96.1	96.4	99.6
	93 Qtr-3	82.8	97.4	97.6	96.4	97.5	95.6	91.9	95.2
	93 Qtr-4	86.8	96.4	95.9	96.3	97.6	93.5	89.2	97.6
	94 Qtr-1	91.7	96.4	96.0	95.7	96.7	95.5	95.4	97.5
1994/95	Annual	88.9	96.6	97.2	96.2	97.3	94.2	91.2	96.4
	94 Qtr-2	96.0	97.0	98.0	97.6	97.4	96.7	97.4	98.0
	94 Qtr-3	85.0	97.4	96.6	97.1	97.3	94.0	91.6	98.2
	94 Qtr-4	86.2	96.9	97.2	95.0	97.3	93.5	85.3	94.9
	95 Qtr-1	91.5	95.2	97.1	96.2	97.3	93.5	95.9	95.1
1995/96	Annual	90.0	95.3	97.1	96.9	97.2	95.9	91.9	95.8
	95 Qtr-2	93.6	97.4	97.0	97.1	97.1	96.3	96.8	96.8
	95 Qtr-3	85.9	96.2	98.0	96.8	97.1	95.7	90.2	95.8
	95 Qtr-4	89.1	94.0	95.9	97.0	97.1	95.5	88.3	95.0
	96 Qtr-1	93.5	94.4	97.6	96.8	97.5	96.7	96.7	96.4
1996/97	Annual	93.4	97.8	97.0	97.4	97.3	96.4	93.1	96.6
	96 Qtr-2	94.8	97.4	97.5	98.2	97.1	95.9	96.7	98.3
	96 Qtr-3	90.9	98.3	96.9	95.1	97.6	95.8	93.3	96.0
	96 Qtr-4	92.9	97.4	97.0	98.0	97.1	96.5	89.5	94.8
	97 Qtr-1	95.7	98.0	96.6	97.1	97.8	97.4	97.0	97.3
1997/98	Annual	95.6	97.6	98.1	98.0	98.1	96.4	97.7	98.1
	97 Qtr-2	96.1	97.2	98.0	98.5	98.6	97.0	97.4	99.2
	97 Qtr-3	95.1	98.0	98.2	97.3	98.4	96.1	97.8	97.6
	97 Qtr-4	95.5	97.7	97.9	97.9	97.5	96.4	97.7	97.9
	98 Qtr-1	95.9	97.3	98.6	98.5	98.2	96.1	97.8	97.7
1998/99	Annual	95.1	97.6	97.2	98.1	98.3	96.6	97.3	98.3
	98 Qtr-2	96.0	96.0	97.4	98.1	98.4	96.5	97.4	98.5
	98 Qtr-3	94.2	97.9	96.7	98.0	97.8	96.4	97.6	98.6
	98 Qtr-4	95.7	98.5	97.7	98.1	98.4	96.6	97.2	97.5
	99 Qtr-1	94.5	97.6	97.1	98.2	98.5	96.8	97.1	98.6

Source: Employment Insurance Administrative Data.

Note: Please note that definitions used in this table differ from those used in the 1998 report. Consequently, the numbers for the years 1992 to 1998 may not be identical to those in the 1998 report.



## Proportion of Claimants Who Worked Exactly Two Weeks Above the Minimum

		Total	Nfld.	P.E.I.	N.S.	N.B.	Quebec		Ontario
			Clarendville		Truro	Miramichi	Repentigny	Montreal C-E	Toronto Centre
		(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
<b>1992/93</b>	<b>Annual</b>	<b>2.9</b>	<b>5.7</b>	<b>5.1</b>	<b>3.1</b>	<b>4.6</b>	<b>2.4</b>	<b>1.6</b>	<b>0.8</b>
	92 Qtr-2	2.0	3.7	3.6	3.3	4.1	1.9	1.6	1.0
	92 Qtr-3	3.6	8.9	6.8	3.9	5.4	2.4	1.3	0.7
	92 Qtr-4	3.4	5.4	4.6	2.6	4.8	2.9	2.1	0.7
	93 Qtr-1	2.1	3.9	3.6	3.1	3.6	2.1	1.4	0.9
<b>1993/94</b>	<b>Annual</b>	<b>2.9</b>	<b>6.2</b>	<b>5.4</b>	<b>3.7</b>	<b>4.8</b>	<b>2.0</b>	<b>1.6</b>	<b>0.9</b>
	93 Qtr-2	2.0	4.6	4.6	3.5	2.9	1.5	1.3	0.8
	93 Qtr-3	3.7	6.0	6.8	4.1	7.3	2.5	1.8	0.7
	93 Qtr-4	3.3	7.2	5.2	3.8	4.8	1.9	1.9	1.3
	94 Qtr-1	2.2	5.5	3.5	3.3	3.8	2.0	1.4	0.8
<b>1994/95</b>	<b>Annual</b>	<b>3.1</b>	<b>5.6</b>	<b>5.7</b>	<b>3.4</b>	<b>5.2</b>	<b>2.6</b>	<b>1.6</b>	<b>0.7</b>
	94 Qtr-2	1.7	2.3	2.7	2.1	2.8	1.8	1.4	0.7
	94 Qtr-3	3.8	5.9	7.5	5.0	5.1	2.9	1.4	0.4
	94 Qtr-4	3.7	7.2	6.1	3.0	6.7	3.0	1.8	0.8
	95 Qtr-1	2.5	4.8	4.1	4.0	3.5	2.0	1.8	1.1
<b>1995/96</b>	<b>Annual</b>	<b>2.8</b>	<b>4.7</b>	<b>5.7</b>	<b>3.1</b>	<b>4.8</b>	<b>2.2</b>	<b>1.6</b>	<b>0.8</b>
	95 Qtr-2	2.1	4.6	3.9	3.5	2.3	2.2	1.2	0.8
	95 Qtr-3	3.4	5.3	7.4	5.2	7.5	2.6	1.4	0.2
	95 Qtr-4	3.2	4.9	6.0	2.7	5.0	2.2	2.2	1.4
	96 Qtr-1	1.9	3.4	3.1	1.6	3.6	1.7	1.3	1.1
<b>1996/97</b>	<b>Annual</b>	<b>4.3</b>	<b>12.9</b>	<b>10.3</b>	<b>2.2</b>	<b>6.0</b>	<b>2.2</b>	<b>1.4</b>	<b>0.6</b>
	96 Qtr-2	2.1	2.9	4.0	2.1	2.6	1.5	1.3	0.5
	96 Qtr-3	6.7	24.5	16.6	4.4	6.5	3.3	1.4	0.6
	96 Qtr-4	5.2	12.7	10.5	1.9	8.0	2.3	1.5	0.6
	97 Qtr-1	2.0	6.1	4.4	1.3	2.8	1.6	1.2	0.9
<b>1997/98</b>	<b>Annual</b>	<b>1.9</b>	<b>4.4</b>	<b>3.0</b>	<b>1.9</b>	<b>2.9</b>	<b>1.6</b>	<b>1.5</b>	<b>0.6</b>
	97 Qtr-2	1.8	3.8	3.4	1.4	3.6	1.8	1.4	0.8
	97 Qtr-3	2.3	4.5	5.1	1.7	3.1	1.8	1.5	0.3
	97 Qtr-4	1.8	4.7	2.2	2.5	3.0	1.4	1.4	0.5
	98 Qtr-1	1.5	3.8	2.7	1.3	1.9	1.5	1.5	1.1
<b>1998/99</b>	<b>Annual</b>	<b>1.9</b>	<b>4.1</b>	<b>2.9</b>	<b>1.9</b>	<b>2.3</b>	<b>1.7</b>	<b>1.4</b>	<b>0.9</b>
	98 Qtr-2	1.7	3.1	3.1	2.0	2.1	1.9	2.0	0.5
	98 Qtr-3	2.4	6.5	4.1	3.1	2.4	2.2	1.4	0.9
	98 Qtr-4	1.8	3.5	2.4	1.5	2.2	1.5	1.2	1.6
	99 Qtr-1	1.6	3.5	2.4	1.5	2.9	1.2	0.9	0.8

Source: Employment Insurance Administrative Data.

Note: Please note that definitions used in this table differ from those used in the 1998 report. Consequently, the numbers for the years 1992 to 1998 may not be identical to those in the 1998 report.

### Proportion of Claimants Who Worked Exactly Two Weeks Above the Minimum (cont'd)

		Total	Ontario	Manitoba	Sask.	Alberta	B.C.		N.W.T.
		(%)	Hamilton-Mountain (%)	St. Boniface (%)	Prince Albert (%)	Calgary (%)	Kelowna (%)	Surrey (%)	Yellowknife (%)
<b>1992/93</b>	<b>Annual</b>	<b>2.9</b>	<b>1.3</b>	<b>1.1</b>	<b>1.6</b>	<b>1.3</b>	<b>2.0</b>	<b>3.9</b>	<b>1.8</b>
	92 Qtr-2	2.0	1.3	1.3	1.5	1.2	2.2	1.5	1.2
	92 Qtr-3	3.6	0.7	1.0	1.6	1.2	1.7	4.9	1.5
	92 Qtr-4	3.4	1.7	0.8	1.8	1.4	2.3	6.0	1.7
	93 Qtr-1	2.1	1.5	1.6	1.4	1.3	1.5	1.5	3.2
<b>1993/94</b>	<b>Annual</b>	<b>2.9</b>	<b>1.4</b>	<b>1.4</b>	<b>1.7</b>	<b>1.0</b>	<b>1.9</b>	<b>3.3</b>	<b>1.7</b>
	93 Qtr-2	2.0	1.4	1.9	2.1	1.1	1.3	1.5	1.1
	93 Qtr-3	3.7	1.3	0.8	1.5	1.0	2.4	4.0	1.0
	93 Qtr-4	3.3	1.3	1.0	2.0	1.0	2.0	4.6	2.4
	94 Qtr-1	2.2	1.6	2.0	1.1	1.1	1.7	2.0	2.1
<b>1994/95</b>	<b>Annual</b>	<b>3.1</b>	<b>2.9</b>	<b>1.4</b>	<b>1.7</b>	<b>1.6</b>	<b>1.8</b>	<b>2.6</b>	<b>1.8</b>
	94 Qtr-2	1.7	1.1	1.5	0.7	1.9	1.4	1.4	0.8
	94 Qtr-3	3.8	3.0	1.6	1.7	1.3	1.5	4.2	1.8
	94 Qtr-4	3.7	3.1	1.4	2.1	1.6	2.0	2.7	2.8
	95 Qtr-1	2.5	4.2	1.2	1.6	1.6	1.9	1.8	1.2
<b>1995/96</b>	<b>Annual</b>	<b>2.8</b>	<b>2.4</b>	<b>2.0</b>	<b>1.6</b>	<b>1.8</b>	<b>1.7</b>	<b>1.9</b>	<b>1.1</b>
	95 Qtr-2	2.1	2.2	0.7	2.3	1.7	1.4	1.4	0.7
	95 Qtr-3	3.4	2.1	2.4	1.5	1.1	1.3	2.5	0.3
	95 Qtr-4	3.2	2.4	3.4	1.5	2.3	2.2	2.1	1.7
	96 Qtr-1	1.9	3.0	0.7	1.1	2.1	1.3	1.2	1.2
<b>1996/97</b>	<b>Annual</b>	<b>4.3</b>	<b>1.9</b>	<b>1.2</b>	<b>1.4</b>	<b>1.7</b>	<b>2.0</b>	<b>3.7</b>	<b>1.8</b>
	96 Qtr-2	2.1	1.8	1.2	0.6	2.3	1.6	2.9	1.4
	96 Qtr-3	6.7	2.0	0.6	1.7	1.7	2.8	4.7	0.4
	96 Qtr-4	5.2	2.3	2.1	2.1	1.4	2.2	4.5	2.3
	97 Qtr-1	2.0	1.2	0.7	1.1	1.3	1.5	1.8	3.1
<b>1997/98</b>	<b>Annual</b>	<b>1.9</b>	<b>1.3</b>	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>	<b>1.5</b>	<b>1.2</b>	<b>1.3</b>
	97 Qtr-2	1.8	1.4	1.1	0.5	1.0	1.2	1.7	1.2
	97 Qtr-3	2.3	1.2	1.4	1.6	0.7	1.0	1.4	2.4
	97 Qtr-4	1.8	1.3	1.0	0.6	0.8	1.7	1.2	1.3
	98 Qtr-1	1.5	1.3	0.4	1.6	1.2	1.6	0.8	0.4
<b>1998/99</b>	<b>Annual</b>	<b>1.9</b>	<b>1.4</b>	<b>1.8</b>	<b>1.0</b>	<b>1.0</b>	<b>1.2</b>	<b>1.5</b>	<b>1.2</b>
	98 Qtr-2	1.7	1.8	1.5	1.5	0.9	1.2	0.9	1.1
	98 Qtr-3	2.4	1.9	1.6	0.9	0.8	1.2	1.6	0.7
	98 Qtr-4	1.8	1.1	1.4	1.0	0.8	1.3	1.8	2.2
	99 Qtr-1	1.6	0.9	3.2	0.7	1.4	1.1	1.4	0.5

Source: Employment Insurance Administrative Data.

Note: Please note that definitions used in this table differ from those used in the 1998 report. Consequently, the numbers for the years 1992 to 1998 may not be identical to those in the 1998 report.

## **ANNEX 5**

### **Program Administration**

#### **5.1 Premium Refunds**

#### **5.2 New Hires Program and Federal Youth Hires Program**





### Premium Refunds

	Individuals Refunded		Amount Refunded	
	1997	% of 1997 Total	1997	% of 1997 Total
<b>Industry</b>				
Industry undefined	18,300	2.6	552,438	2.8
Agricultural and related	18,720	2.7	527,788	2.6
Fishing and trapping (excluded T4F)	970	0.1	39,539	0.2
Logging and forestry	4,260	0.6	130,603	0.7
Mining and oil well	2,570	0.4	71,332	0.4
Manufacturing	68,020	9.8	1,945,578	9.7
Construction	28,580	4.1	862,665	4.3
Transportation and storage	15,420	2.2	434,130	2.2
Communication and other utility	14,710	2.1	361,126	1.8
Wholesale trade	26,750	3.9	820,587	4.1
Retail trade	119,070	17.2	3,548,934	17.7
Finance and insurance	9,760	1.4	303,930	1.5
Real estate operator & insur. agent	8,830	1.3	256,550	1.3
Business service	56,510	8.1	1,518,942	7.6
Government services	29,230	4.2	813,074	4.1
Educational service	59,630	8.6	1,503,050	7.5
Health & social service	46,180	6.7	1,296,052	6.5
Accommodation, food & beverage	94,490	13.6	2,916,874	14.6
Other service	71,950	10.4	2,125,826	10.6
<b>Sex</b>				
Men	282,570	40.7	8,249,555	41.2
Women	411,380	59.3	11,779,463	58.8
<b>Age</b>				
Under 25	288,540	41.6	8,880,289	44.3
25 to 44	258,600	37.3	7,250,965	36.2
45 to 54	75,390	10.9	2,036,578	10.2
55 and over	71,420	10.3	1,861,186	9.3
<b>National</b>	693,950	100.0	20,029,018	100.0

Source: T4 Supplementary

## New Hires Program and Federal Youth Hires Program

### New Hires Program

This two-year program provided transitional premium relief to small firms that faced an increase in EI premiums. Eligible firms included those who hired new employees and those with part-time employees who could be paying EI premiums for the first time as a result of moving to first dollar coverage. The New Hires program provided EI premium relief for small businesses in 1997 and 1998. Under the program, small businesses with employer premiums up to \$60,000 in 1996 were eligible to receive up to \$10,000 in premium relief annually. Depending on wage rates and the proportion of part-time employees, firms with up to 100 employees could be eligible for a premium refund.

In 1997, firms could receive a 100% premium refund on any increase in premiums above \$250 compared to what they paid in 1996. In 1998, they could receive a refund of 25% of any increase above \$250 compared to what they paid in 1996. For firms that had EI premiums between \$50,000 and \$60,000 in 1996, the maximum refund was phased down on a dollar-for-dollar basis (e.g., for a firm that paid \$52,000 in EI employer premiums in 1996, the maximum annual refund it could receive was \$8,000).

### Federal Youth Hires Program

In 1999, a new program entitled Federal Youth Hires began. The new program provides EI premium relief for employers who expand their youth payroll in 1999 and 2000. All employers, not just small businesses, who expand the employment of youths aged 18 to 24, either by creating new jobs or by giving more work to their current youth workers, are now entitled to receive some premium relief. Under the program, the total EI premiums employers pay for youths in 1999 and 2000 will be no more than they paid in 1998. If employer EI premiums increase over this base amount, employers will get relief. The amount of the premium relief will depend on the increase in insurable earnings for the target group compared to the 1998 base year, multiplied by the employer premium rate. There will be no maximum premium relief amount.

Anticipated refunds under this program were estimated at \$100 million for each year, but once again the exact amount will depend on the number of young people actually employed by firms and on their earnings. Drawing a lesson from the New Hires program, it was decided to adopt a proactive approach to ensure that all eligible employers would quickly receive the refunds to which they were eligible, rather than wait for their applications.

All employers are eligible to participate in this program. Information regarding the program – and what employers need to do to participate – is available at all tax services offices and tax centres. Copies of the Employer's Guide to Payroll Deductions – Basic Information are available at Revenue Canada offices and on the internet at <http://www.rc.gc.ca> (Frequently Requested Publications).







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# EMPLOYMENT INSURANCE

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## 2000 Monitoring and Assessment Report



Human Resources  
Development Canada

Développement des  
ressources humaines Canada

Canada  
SP-102-02-01E





December 2000

The Honourable Jane Stewart  
Human Resources Development Canada  
Place du Portage, Phase IV  
140 Promenade du Portage  
Hull, Quebec  
K1A 0J9

Dear Minister Stewart:

We are pleased to present the 2000 Employment Insurance Monitoring and Assessment Report, the fourth in a series of five annual reports to be submitted to the Minister of Human Resources Development by the Canada Employment Insurance Commission under Section 3 of the *Employment Insurance Act*.

This fourth report focuses on the period April 1, 1999 to March 31, 2000 – the third full fiscal year the Employment Insurance system was in place. The report presents a detailed analysis of what is known so far about the impact of the 1996 Employment Insurance reform on income benefits as well as the new employment benefits and support measures. It compares results for 1999/00 to 1998/99. In this context, trends for the periods between 1995/96 and 1997/98 and 1997/98 to 1998/99 identified in the 1999 Monitoring and Assessment Report are also discussed. In addition, the report provides updates on improvements in program administration; community adjustment; and savings realized during the period under review.

You should note that our findings on the impact of Employment Insurance reform for this period are still somewhat incomplete. For example, as it takes several months following the end of a claim before administrative information is available for analysis, the information about claims that started in the latter part of 1999/00 will only be available later. In addition, information on measures such as the benefit repayment provision comes via the tax system, therefore the most recent information on this provision was for 1998.

We trust that you will find the report informative.

Claire M. Morris  
Chairperson

Anthony Wohlfarth  
Commissioner for Workers

Jim Lahey  
Vice-Chairperson

Peter Doyle  
Commissioner for Employers





# ***Employment Insurance 2000 Monitoring and Assessment Report***

***Submitted to:***

***The Minister of Human Resources Development Canada***

***December 22, 2000***

***By:***

***The Canada Employment Insurance Commission***

Prepared by:

Human Resources Development Canada  
Strategic Policy  
Labour Market Policy Directorate

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The Employment Insurance (EI) program, introduced in July 1996 and January 1997, was the most fundamental restructuring of the Unemployment Insurance program in 25 years. That is why the Government of Canada included a legislative requirement for the Canada Employment Insurance Commission to monitor and assess the impacts of the reform in a series of five reports between the years 1997 and 2001. This is the fourth Employment Insurance Monitoring and Assessment Report and it focuses on the period April 1, 1999 to March 31, 2000 – the third full fiscal year the Employment Insurance system has been in place.<sup>1</sup>

Chapter 1 sets the context for the results by providing an overview of the Canadian labour market and briefly reviewing the history of the program. The results for income benefits are described in Chapter 2. The support provided to unemployed workers through active re-employment measures, known as Employment Benefits and Support Measures (EBSMs), is discussed in Chapter 3. Chapter 4 provides an overview of program administration including financing and quality service initiatives. In Chapter 5, findings are summarized and conclusions are drawn on how individuals, communities and the economy are adjusting to the changes.

### I. CANADA EMPLOYMENT INSURANCE COMMISSION

The Canada Employment Insurance Commission has four members who represent the interests of government, workers and employers. The Chairperson and Vice-Chairperson (the Deputy Minister and Associate Deputy Minister of Human Resources Development Canada) represent the interests of the federal government. The Commissioners for Workers and Employers represent the interests of workers and employers, respectively. Among its other responsibilities, the Commission has been assigned the legislated mandate to monitor and assess the impacts of EI reform and to provide a report to the Minister by December 31 each year. This report is to be tabled by the Minister in Parliament.

The 1996 reforms were far-reaching, affecting the fundamental design of the program. The monitoring and assessment process helps provide a broader understanding of the changes implemented. The report developed by the Commission, on the impact of these reforms on individuals, communities and the economy, also helps contribute to the evolution of the program by providing feedback on how EI interacts with the labour market and society.

<sup>1</sup> The Monitoring and Assessment Report makes use of many sources of information in analyzing the effects of the changes introduced under Employment Insurance. In addition to Human Resources Development Canada (HRDC) administrative data, Canadian Out-of-Employment Panel (COEP) studies and information from Statistics Canada, evaluation studies that are funded by HRDC are also discussed. This report includes references to evaluation studies on Part II benefits of the *Employment Insurance Act*.

## II. LEGISLATED MANDATE

Specifically, Section 3(1) of the *Employment Insurance Act* states that:

"The Commission shall monitor and assess:

- (a) how individuals, communities and the economy are adjusting to the changes made by this Act to the insurance and employment assistance programs under the *Unemployment Insurance Act*;
- (b) whether the savings expected as a result of the changes made by this Act are being realized; and
- (c) the effectiveness of the benefits and other assistance provided under this Act, including
  - (i) how the benefits and assistance are utilized by employees and employers; and
  - (ii) the effect of the benefits and assistance on the obligation of claimants to be available for and to seek employment and on the efforts of employers to maintain a stable workforce."

## Executive Summary

### I. CANADIAN LABOUR MARKET

The Canadian labour market continued to perform strongly in 1999/00, surpassing the solid performance of 1998/99. During the period covered by this report, the economy generated more job growth than in any fiscal year since 1987/88.<sup>1</sup> Employment grew by 2.8%, translating into over 400,000 new jobs. Employment gains during the reporting period were concentrated in full-time positions and 90% of job growth occurred in paid employment, the type of work that is insured under Employment Insurance (EI).

The unemployment rate in March 2000 was 6.8%, the lowest level since April 1976. Unemployment fell for men and women, for youth and for older workers. Unemployment rates also fell in all provinces, with the exception of Manitoba, and for most industry groups. Declines in unemployment were evident in all but 10 of the 54 EI regions.

Several factors driving the change in the labour market during 1999/00 are noted:

- The labour market was very dynamic with 5.4 million individuals hired and 5 million individuals leaving jobs in 1999/00.
- Employment growth in 1999/00 was slightly higher for men (2.9%) than for women (2.6%). This is a different pattern than was noted in previous reports when women's employment growth exceeded that of men. The growth in employment for men can be attributed to above average growth in industries where they tend to be highly represented such as construction and manufacturing.
- The labour market situation also continued to improve for women. Women's unemployment rate was at its lowest since 1976. While women continue to be more likely than men to be part-time workers, their employment growth in 1999/00 was concentrated in full-time jobs. Growth in part-time employment for women decreased slightly over the reporting period.
- With a growth rate of 4.3%, 1999/00 was also an exceptional year for youth employment.<sup>2</sup> In contrast to previous years, their new jobs were concentrated in full-time positions (87%).
- The link between education and employment continues to be a critical factor in labour market success. University graduates experienced employment growth of 5.3% compared to 0.3% for those who didn't complete high school. The relationship between education and employment is particularly important for women, as they outnumber men in post-secondary institutions and are more likely than men to graduate.

### II. INCOME BENEFITS

As a result of a strong labour market, the total number of new claims for EI decreased by 121,150 or 6.6% and total income benefits paid fell by 7.4%. The breakdown by type of benefit is as follows:

- regular benefits claims fell by 8.5% to 1.36 million claims;
- fishing benefits claims dropped 2.5% to 25,438 claims; and
- special benefits<sup>3</sup> claims increased by 3.1% to 401,410 claims.

<sup>1</sup> Unless otherwise stated, the period analysed in this report is April 1, 1999 to March 31, 2000.

<sup>2</sup> Youth are aged 15-24.

<sup>3</sup> Special benefits include sickness, maternity and parental benefits.

In terms of total benefits paid, the distribution is as follows:

- regular benefits paid declined by 9.4% to \$7.0 billion;
- fishing benefits paid remained relatively stable at \$217.0 million; and
- special benefits paid rose by 3.3% to \$1.7 billion.

**Regular benefits** claims filed by **men** declined by 11.0% in 1999/00 compared to a drop of 4.7% for **women**. In the previous two reports, women's claims had been dropping more quickly than men's claims. This was partly attributed to the lower likelihood of women being employed in seasonal industries and to higher growth in industries such as health and education where they tend to be highly represented. In this reporting period the steeper decline in new claims for men was traced to strong growth and declines in claims for industries where men tend to be highly represented such as manufacturing and construction. Strong employment growth for **youth** also resulted in a decline in regular claims by youth of 9.4%. The decline in new claims by youth can be attributed to the strong full-time employment growth noted earlier.

While employment growth fuelled the downward trend in regular benefits, total **special benefits** paid increased for both men and women and across all age groups. Three-quarters of all claimants of special benefits were women and they accounted for 95% of biological parental benefits claimants and 88% of adoptive parental benefits claimants. Women also represented 60% of sickness benefits claimants.

In last year's report, a commitment was made to assess the reasons for the increase in **sickness benefits** claims. In reviewing historical labour market data, it was found that in a period of strong employment growth, the

volume of sickness claims tends to rise, as more people become eligible for EI. A number of other factors contributing to the growth in sickness claims were also identified such as the increased use of sickness claims in combination with maternity/parental claims, year-to-year volatility and an increase in "short-term" sickness claims. The use of sickness benefits will continue to be monitored and assessed in future reports.

Several **elements of EI** were found to be operating as anticipated. For example:

- The switch to an **hours-based system** was designed to better reflect changing labour market realities and to provide more equitable treatment of claimants with different work patterns. Results show that the average entitlement period for all claimants has remained largely unchanged since the implementation of the hours-based system, although the distribution was not even. Entitlement increased for men and decreased slightly for women and youth. Results also indicate that access and entitlement have improved for multiple jobholders.
- The **divisor** rule was designed to encourage greater labour force attachment. Results indicate that this provision has been effective. Only about 2% of claimants nationally failed to get the full two weeks of work over the minimum entrance requirement to maximize benefits for which they are eligible. While these results are encouraging, it is important to note that stronger economic growth has increased the probability of being able to find additional work.
- Results related to the **Family Supplement** continue to show that this provision is providing higher levels of benefits to claimants in low-income families with children and that it is better targeted than



the dependency provisions under Unemployment Insurance (UI). During the period, Family Supplement payments increased by 10% to \$161.2 million. As in past years, nearly two-thirds of Family Supplement payments were made to women, despite the fact that they accounted for less than half of all EI claims.

- Another key part of EI is **first dollar coverage**. Results indicate that this approach has been effective in improving coverage for workers with low incomes. The number of people receiving benefits with \$5,000 or less of insurable income has increased significantly and have more than doubled from implementation to 1998/99.
- **Premium refunds** are also working as intended. A total of 838,620 individuals with \$2,000 or less of insured earnings received a premium refund in 1998, 21% more than in 1997. Total refunds were nearly \$23 million, an increase of 17% from 1997. Of those receiving the refund, 58% were women, 45% were under the age of 25 and another 35% were between the ages of 25 and 44.

As part of the ongoing commitment to study the impact of EI on **communities**, a focus was put on how the rules of EI are adjusted to reflect local labour market conditions. Overall, the results of this work indicated that the entrance requirements and maximum entitlement periods adjusted well to local labour market realities. The average amount of entitlement used by EI claimants before returning to work rarely exceeded 70%. While these results have been achieved in the context of a strong national economy, it should be noted that 12 of the 14 communities examined had unemployment rates in excess of 10% in 1999/00.

The growing impact of the **intensity rule** and the benefit repayment provisions was also

analysed. Results for the intensity rule indicated that it affected 43.7% of all regular and fishing claims in 1999/00, up from 35.2% in 1998/99. The impact of the intensity rule was highest in the Atlantic provinces, in the Yukon and in Quebec, suggesting that its effects were greatest where seasonal employment makes up a large proportion of the local jobs.

More than two-thirds of all claimants affected by the intensity rule were men, reflecting the fact that men are more likely than women to be repeat claimants and work in industries where seasonal work is more predominant.

As anticipated, the number of people affected by the **benefit repayment provisions** (clawback) also increased significantly over the reporting period. The number of claimants affected by the benefit repayment provision increased by 45% and the amount of benefits repaid increased by 76%. Once again, the largest increases in affected claimants were in the Atlantic provinces and in Quebec. In terms of the total amount of benefits repaid, the greatest increase was in Nova Scotia (143.7%), followed by Prince Edward Island (143.1%) and New Brunswick (132.3%).

In previous reports it was noted that the results for **frequent claimants** were difficult to assess. The analysis in this report continues to show that those elements of EI reform designed to discourage frequent use, such as the intensity rule and benefit repayment provisions, are having an increasingly more significant impact on the benefits paid to these claimants. At the same time though, their rate of participation in the program remained relatively stable at just under 40%. To understand the results more fully, the results for frequent claims were examined more closely. It was found that non-seasonal frequent claims fell much more steeply (-18.4%) than seasonal frequent claims (-6.5%). This is important because it suggests that the nature of seasonal work and the lack

of other employment opportunities in the “off-season” means seasonal workers may continue to access the program even in a period of strong employment growth. These results also indicate that providing passive income support through EI can only be one response to issues faced by seasonal workers. There is also a need to build community capacity and stimulate local economies to provide sustainable alternatives to seasonal work.<sup>4</sup>

As noted in past years, **fishing benefits** are also difficult to assess. It was found that changes in fishing benefits are tied to changes in the value of resources harvested because eligibility for fishers is based on insured earnings instead of insured hours of work. While fishers can qualify for benefits with a minimum of between \$2,500 and \$4,199 in insured earnings, results for this reporting period show that virtually all claimants enter the system with \$5,000 or more of earnings. As noted in past years, these results suggest that earnings-based entry requirements may be too low given the level of revenues in the fishery.

The continuing impact of the eligibility requirements for **new entrants and re-entrants** has also been noted. For youth, this element of the program was working as expected. By raising the number of hours it takes for youth to qualify for regular benefits, these provisions are encouraging stronger labour force attachment. However, the higher earnings-based thresholds for new entrants and re-entrants to the fishery are more difficult to assess. Results for fishing benefits indicate that an important consequence of the relatively low earnings-based entry requirements is that new entrants and re-entrants to the fishery may be qualifying for benefits without difficulty. The higher eligibility requirements for new entrants and re-entrants also continue to have an impact on women because they are more likely than

men to move in and out of the labour market and more likely to have not worked in the past year. As a result, they are more likely than men to be subject to these provisions.

Ongoing analysis of the **small weeks** pilot project confirms that it enables a significant number of workers to collect higher benefits and maintain a greater attachment to the labour market. Results indicate that 12.9% of all claims established in participating EI regions included small weeks. The average benefit of participants was \$211, about \$18 or 9.2% more than they would have received without the project. As in past years, women were almost twice as likely as men to file claims with small weeks.

Some components of EI reform were designed to produce **savings** while still providing adequate support to the unemployed. Once again, the analysis focuses on the incremental savings to regular benefits from the maturing of the Maximum Insurable Earnings freeze, the intensity rule, as well as the benefit repayment provisions, offset by increased costs of the Family Supplement. Results indicate that the maturing of these reform elements reduced program costs by \$93 million over the reporting period. Payments to men were reduced by \$77 million and payments to women were reduced by \$16 million. This represents a reduction of 1.4% in EI payments to men and 0.4% to women. The benefit repayment provisions produced incremental savings of \$44 million in 1998, the last year for which tax data is available. Savings were also gained through Group Information Services (GIS). While the main goal of GIS is communicating with clients, failure to attend can lead to loss of benefits. For instance, a person may have started back to work and not told the Department, may be out of the country, or not willing to actively look for work. In 1999/00, this led to savings of

<sup>4</sup> This is also a conclusion supported by the Forum of Labour Market Ministers (FLMM) in its draft report prepared by the FLMM Working Group on Seasonal Workers, 2000.

\$146.6 million. Finally, savings arising from Investigation and Control efforts amounted to \$573 million.

Improving the **quality of service** to employees and employers was also an objective of EI reform. New initiatives include the implementation of a national Quality Management Policy. This policy focuses on continuous improvement in the quality of EI service delivery and involves a review of the existing performance measurement system. It also involves the development of an approach to performance measurement, focusing on balancing speed and quality of service. In addition, emphasis continued to be placed on administrative simplicity for employers through improvements to the Record of Employment and reductions in the number of follow-up calls. Workers benefited from the efforts of Public Liaison Officers, delivery of Group Information Sessions and improved telephone services.

In keeping with the ongoing commitment to study the **coverage** of EI, analysis on coverage of the *employed* population is introduced in this report. This analysis indicates that 88% of paid employees would have been eligible to collect EI if they had lost their job. As in past years, results relating to coverage of the *unemployed* population are also discussed. Employment Insurance Coverage Survey results indicate that 80% of those for whom the program was designed were actually eligible to receive benefits in 1999. The broadest measure of coverage (the beneficiary to unemployed ratio or B/U ratio) was 45%. This measure includes everyone who is unemployed, including unemployed individuals for whom the program is not designed. The results for coverage of the unemployed population are unchanged over the past two reporting periods.

### III. EMPLOYMENT BENEFITS AND SUPPORT MEASURES

EI reform places an emphasis on getting people back to work through active employment provisions called Employment Benefits and Support Measures (EBSMs). EBSMs emphasize effectiveness, results, accountability, and local decision-making. Partnerships with the provinces and territories established through **Labour Market Development Agreements** (LMDAs) allow EBSMs to be adjusted to meet the needs of local labour markets. The federal government has concluded LMDAs with all provinces and territories except Ontario.

In 1999/00, about 4% fewer **clients** participated in EBSMs than in the previous year, but on average each client participated in more interventions. The slower rate of decline in EBSM clients in comparison to regular beneficiaries can be traced to increasing participation of clients who received services but not income benefits. There are indications that strong labour market performance over the period may have enabled a focus on individuals who remained unemployed for an extended period of time.

Results indicate that nearly 300,000 EBSM clients returned to work in 1999/00. This represents an increase of 10% over 1998/99. Had these claimants not returned to work, an additional \$938.5 million of EI benefits would have been paid.

A changing mix in the use of long-term versus short-term interventions indicates some fine-tuning of the approach to client service at the local level. Data for 1999/00 indicate that about 66% of interventions were short-term and about 33% were long-term. As in past years, the mix of short- and long-term interventions differed across provinces and territories. This is to be expected since the LMDAs were designed to allow the flexibility necessary to meet client needs at the local level.



Women's share of EBSMs increased slightly in 1999/00, now representing nearly half of all interventions. Women's participation increased for short-term interventions but remained relatively stable for long-term interventions. The representation of persons with disabilities in EBSMs also increased as did that of visible minorities. Participation by Aboriginal peoples remained unchanged in 1999/00. Overall, the results for designated groups indicate that continued effort is needed to ensure that members of designated groups are more adequately represented in EBSMs. The participation of designated groups in EBSMs will continue to be monitored and assessed in future reports.

There are some indications that access to programs and services is more difficult in rural and remote communities where distance and market size pose a challenge to service delivery. Access is also an issue for those Canadians whose first language is neither French nor English as well as for those that have a low level of education.

Overall, results indicate that EBSMs are effective in the short term. Satisfaction levels with EBSMs are relatively high. Over three-quarters of participants rated service as good or excellent, while only one in ten expressed dissatisfaction. Results also support the view that programs and services are, for the most part, adaptable to the needs of Canadians. In general, the programs and services offered by different levels of government are flexible enough to meet local needs and complementary in their approaches.

#### IV. SUMMING UP

The EI program continues to be implemented in the context of an exceptionally strong economy and labour market. The decline in new claims and reduced participation in EBSMs reflect the fact that fewer Canadians need to access the EI program. However, it is important to note that not all regions and communities share equally in the prosperity. Results show that EI remains an important program for working Canadians and their families. Overall, the EI program is continuing to meet its primary objectives of providing temporary income support to people who lose their jobs and helping them return to work. The program also provides support to those who need to leave paid employment to take care of newborn or adopted children. We will continue to monitor and assess the impacts of the EI reforms as the new features mature, including the new special benefit changes effective December 31, 2000.



## Chapter 1 – Context

This chapter provides a context in which the Employment Insurance (EI) reforms of 1996 can be assessed. In the first section of the chapter, key labour market changes for the period under review are noted, and in the second section the historical legislative context is briefly described.

### 1. LABOUR MARKET CONTEXT

Canada's labour market performance continued to improve during 1999/00, when the economy generated more net job growth than any fiscal year since 1987/88.<sup>1</sup> During this period, average weekly wages rose 1.4%, the participation rate increased 0.4% and the number of employed grew by 400,000 (2.8%), from 14.24 million in 1998/99 to 14.64 million in 1999/00. Almost all employment gains were in full-time employment, with more than 90% of these gains in paid employment and about 10% in self-employment. This is significant because paid employment is insured under EI whereas self-employment is not.

Strong employment growth led to a significant reduction in the national unemployment rate. Overall, the average unemployment rate fell to 7.3% in 1999/00 from 8.1% one year earlier. The reduction in unemployment from the beginning to the end of the reporting period is also important to note. In April 1999, the unemployment rate stood at 7.9%. However, as shown in Chart 1, by March 2000, the unemployment rate had declined to 6.8% (1.15 million people were unemployed), the lowest rate since April 1976. The unemployment rate for men was 6.9% in March 2000, down from 8.2% one year earlier, the lowest rate of

unemployment since 1981. For women, the unemployment rate fell from 7.5% to 6.7% in March 2000, the lowest rate of unemployment since 1976. Similarly, the unemployment rate for youth was 13%, down from 14.2% one year earlier, the lowest rate of youth unemployment since 1990.

Chart 1:  
Economic Context since EI Reform



Source: Statistics Canada, Labour Force Survey

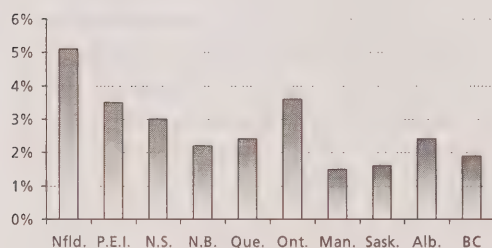
The substantial decline in the unemployment rate for women is particularly significant because it has been combined with a continued long-term increase in women's participation in the labour market. Indeed, the number of women participating in the labour market has almost doubled since 1976 and their participation rate rose from 45.7% in 1976 to nearly 60% in 2000. Over the same period, the men's participation rate declined from about 78% in 1976 to 73% in 2000. As a result of strong employment growth, the unemployment rate also declined in every province with the exception of Manitoba, where the unemployment rate increased from 5.5% to 5.6%. The largest declines were in New Brunswick (from 11.8% to 9.8%), Prince Edward Island (from 14.5% to 13.3%) and Quebec (from 10.1% to 8.9%). Declines in unemployment were

<sup>1</sup> Unless otherwise noted, the period analysed in this report is from April 1, 1999 to March 31, 2000. It is also important to note that employment growth figures are year-over-year averages for 1998/00 to 1999/00. The Labour Force Survey (LFS) underwent extensive revisions in January 2000 to reflect important changes to the way in which labour market data are produced. As a result, all LFS estimates have been revised back to January 1976. For more information on these revisions, please refer to "Improvements in 2000 to the LFS" at Statistics Canada's Web site ([www.statcan.ca](http://www.statcan.ca)).

also widespread across the EI regions. Only 10 of the 54 EI regions had higher unemployment rates in 1999/00 than in 1998/99, and no regional rate rose more than half of a percentage point.<sup>2</sup>

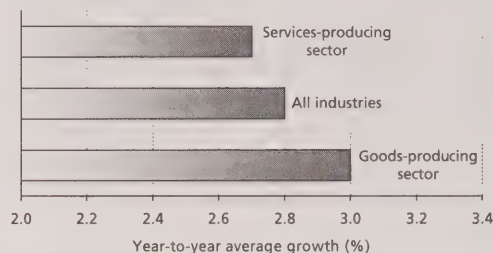
As shown in Chart 2, at the provincial level, Newfoundland/Labrador led the way with employment growth of 5.1%, while Ontario, Prince Edward Island and Nova Scotia experienced above-average gains (3.6%, 3.5%, and 3.0% respectively). The Western provinces exhibited slightly lower rates of employment growth, reflecting continued weakness in some primary industries. Manitoba had the lowest rate of employment growth at 1.5%.

Chart 2:  
Employment Growth By Province



Employment growth was also strong across most industrial groupings. Employment in the goods-producing industries registered an increase of 3.0% (refer to Chart 3), with strong growth recorded in construction and manufacturing. The strong labour market performance can be linked to rapid increases in business investment and consumer demand, combined with strong economic growth in the United States that boosted exports. As a result of continuing weak commodity prices, employment in the primary sectors declined (agriculture and forestry, fishing, mining, oil and gas).

Chart 3:  
Employment Growth by Sector



In the services-producing industries, employment increased by 2.7%. Employment in transportation and warehousing showed strong increases that can be linked to the manufacturing growth noted earlier. Other industries such as management and administrative services, professional, scientific and technical services, educational services, and trade also experienced above-average growth. Employment in the health care and social services grouping also increased.

While both men and women and all age groups benefited from strong employment growth, the picture was particularly positive for youth (age 15 to 24) and older workers (55 and over). After declining throughout most of the 1990s, employment for youth has grown strongly since the middle of 1997. Employment growth for youth during the reporting period was 4.3%. This reflects the strong performance of the retail trade and accommodation, food and beverage sectors, as roughly 45% of youth employment are in these two industrial groupings. It is also important to note that 86.7% of the new jobs created for youth were full-time positions whereas in 1998/99 new full-time jobs accounted for 50% of the total. The recent strengthening of job creation has also been evident among people aged 55 or more. Employment growth for this group was 6.3%, more than double the national average.

<sup>2</sup> Please note that the figures used in this analysis are based on fiscal year averages. The figures in Annex 2.1 are three-month average seasonally adjusted unemployment rates provided by Statistics Canada for EI purposes.

Employment for women increased by 2.6%, which was slightly lower than that of men (2.9%). Men's employment growth can be linked to the above-average growth found in industries where men tend to be highly represented such as construction and manufacturing. Similarly, employment growth for women can be linked to sectors where they are more highly represented, such as wholesale and retail trade and health care and social services. As noted in previous reports, the differing patterns of employment growth for men and women are important because women's employment growth is concentrated in non-seasonal industries and sectors where EI use is much less frequent. Although women continue to be more likely to be part-time workers than men, women's full-time employment growth in 1999/00 was 4.0% and part-time work decreased by almost 1%.

It is important to note the reasons why people became unemployed during the reporting period given that EI is designed to insure only certain types of job loss. As employment prospects have improved, fewer people are being laid off. The share of laid-off workers among total unemployed accounted for 50.6% of the unemployed in 1995/96, and decreased to 47.2% in 1999/00. This is significant because EI is designed to provide assistance to workers in this situation. About a third of the unemployed (33.9%) were people who had never worked or who had not worked in the past year,<sup>3</sup> and 18.9% of the unemployed voluntarily quit their jobs. These figures are significant because over half of the individuals

who are classified as unemployed represent groups that EI is not designed to cover. It is also important to note that the reasons for voluntarily leaving work are different for women and youth than for men. For example, about 72% of youth left paid employment in 1999/00 to return to school, while 15% of women did so for family reasons (a proportion substantially higher than the 3% recorded for men).<sup>4</sup>

The dynamic nature of the labour market is reflected in the large number of transitions Canadians made in and out of the job market over the past year. Indeed, about 5.4 million Canadians were hired in 1999 while about 5.0 million left their jobs for a variety of reasons.<sup>5</sup>

Education continues to be an important contributing factor to success in the labour market. With the move towards a more knowledge-based and technologically oriented economy, many new occupations<sup>6</sup> require people with strong initial education and a commitment to lifelong learning.

As shown in Chart 4, results for this reporting period indicate that employment increased by 3.4% for individuals with at least a high school diploma while it rose only slightly (0.3%) for those who did not complete high school. Employment growth was much stronger (5.3%) for people with a university degree.

This crucial link between education and successful labour market outcomes also has equity implications. Research indicates that women are more likely than men to graduate

<sup>3</sup> The LFS considers unemployed people who have never held a paid job (or unpaid work in a family business) as labour market entrants. Re-entrants are unemployed people who previously held a job, but their experience ended more than a year before the survey month.

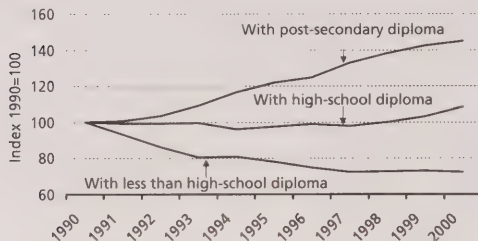
<sup>4</sup> In 2000, Statistics Canada changed its method of deriving the main aggregates described by the LFS. While the patterns of the most-followed measures were largely unchanged, those of the components have been revised. As a result, data on job loss and on labour market re-entrants and new entrants have changed significantly from those reported in the 1999 Monitoring and Assessment Report.

<sup>5</sup> Hiring and Separation Survey (supplement to LFS).

<sup>6</sup> These new occupations include jobs in information technology and telecommunications, biotechnology, aerospace, multimedia, and the environment (lawyers, technologists, policy analysts). For further information, please refer to "Job Futures 2000: World of Work: Overview and Trends" (HRDC) at <http://www.hrdc-drhc.gc.ca/jobfutures>



Chart 4:  
Employment by Level of Education



Source: Statistics Canada, Labour Force Survey

from high school. Currently, women also outnumber men in post-secondary educational institutions and have a higher likelihood of graduating than their male counterparts. While women continue to earn less than men do and are under-represented in some highly paid occupations, these results are important because as the level of educational attainment increases for women and men, the differences in labour market outcomes between them decrease.<sup>7</sup>

## II. HISTORICAL LEGISLATIVE CONTEXT

The 1940 *Unemployment Insurance Act* established a social insurance program that reflected strong insurance principles. In the early years, the Unemployment Insurance (UI) program covered only 42% of Canadian workers - those who faced an unpredictable risk of job loss. Industries that faced little risk of unemployment (e.g., public service) and industries with repeated unemployment (e.g., seasonal industries) were not covered. However, the early UI program also included features such as a higher benefit rate for claimants with dependants.

Over the years, UI was gradually expanded to cover all workers in an employer-employee relationship (resulting in coverage of about

93% of the paid labour force). In addition to expanding coverage, the *Unemployment Act of 1971* reduced eligibility requirements, increased benefits, and introduced maternity and sickness benefits. UI was also made more sensitive to local labour market conditions through the introduction of extended benefits for regions of high unemployment. Variable entrance requirements were first introduced in 1977 to ensure that local unemployment rates were better reflected.

The reforms from the mid-1970s to 1990s were the result of a move toward fiscal restraint and growing concerns that the program was reducing the incentive to work. Under these reforms, entrance requirements were tightened, the duration of benefits was reduced, and the benefit rate was lowered. This period also saw a shift in the program, with a greater proportion of funds allocated for active measures such as occupational training and other assistance to help claimants return to work more quickly.

The 1996 *Employment Insurance Act* involved a further emphasis on re-employment measures and temporary income support during periods of unemployment. Income benefits were redesigned to promote stronger labour force attachment and to introduce stronger insurance principles into the system while softening the impact on low-income families with children. Under the new system, eligibility was based on hours of work, rather than weeks. Changes also included a new benefit structure and new rules for frequent claimants, as well as stricter eligibility requirements for new entrants and re-entrants to the labour market. Elements of the program providing support to claimants in low-income families with children were also redesigned with the

<sup>7</sup> For more details, please consult the first and the second annual reports to the Forum of Labour Market Ministers entitled "Profile of Canadian Youth in the Labour Market"; "Job Futures 2000: Overviews and trends" (HRDC) and Appleby, Fougère and Rouleau: "Est-il rentable de poursuivre des études postsecondaires au Canada?" (HRDC) forthcoming.



introduction of the Family Supplement (please refer to Annex 1 for an overview of the changes to EI Part I).<sup>8</sup>

Under EI, active re-employment measures were also redesigned. The new Employment Benefits and Support Measures (EBSMs) provided the basis for more cooperative relations with the provinces and territories, responding to different needs and circumstances across the country. (Please refer to “Employment Benefits and Support Measures” in Annex 1.)

In the first significant legislative changes to EI since 1996,<sup>9</sup> the Government of Canada announced in the 2000 Budget that it would increase the duration, accessibility and flexibility of parental benefits in order to support parents in balancing the demands of work and family during a child's critical first year.<sup>10</sup> Under the changes, the maximum duration of parental benefits will be increased from 10 to 35 weeks. This will allow a maximum of 50 weeks of combined maternity, parental and sickness benefits. The number of hours of insurable employment required to qualify for maternity, parental or sickness benefits will also be reduced from 700 to 600 hours in order to improve accessibility. Flexibility will also be enhanced. A second parent sharing parental leave will not be required to serve a second two-week waiting period, and parents will be able to earn the greater of \$50 or 25% of their weekly benefit

without a reduction in their EI benefits.

(Please refer to the section on “Changes to Special Benefits Effective December 31, 2000” in Annex 1.)

In addition to the enhanced parental benefits, there have been ongoing adjustments and improvements to EI since 1996. For example, the small weeks adjustment projects were introduced in high unemployment regions to address the disincentive for some workers to accept weeks of work with lower than average earnings. The small weeks pilot project is in effect in 31 EI economic regions across the country. (Please refer to Chapter 2.) Several improvements have also been made to regulations and administrative policies, such as the undeclared earnings policy, discussed further in Chapter 4.

<sup>8</sup> For a more complete description of the evolution of EI, please see the 1997, 1998 and 1999 Monitoring and Assessment Reports.

<sup>9</sup> It should also be noted that the *Modernization of Benefits and Obligations Act* was given Royal Assent on June 29, 2000. By amending various statutes, including the *Employment Insurance Act*, it extends benefits and obligations to all couples who have been cohabitating in a conjugal relationship for at least one year.

<sup>10</sup> The *Budget Implementation Act* received Royal Assent on June 29, 2000. This legislation contained amendments to the *Employment Insurance Act* to implement the enhanced parental benefits. Parents of children born, or placed in the parent's care for adoption, on or after December 31, 2000, are eligible for the enhanced parental benefits.



## Chapter 2 – Income Benefits

This chapter describes changes in the number of new Employment Insurance (EI) claims and the amount paid out in benefits. We also look at the key elements of EI reform related to income benefits, and assess the degree to which they are having the intended effect. Data for 1999/00, the third full fiscal year after EI reform, are compared to data for 1998/99.<sup>1</sup> Trends for the period between 1995/96 and 1998/99, identified in the 1999 Employment Insurance Monitoring and Assessment Report, are also discussed.

Under EI there are three types of income benefits: regular benefits, which provide temporary income support to people who lose their jobs in paid employment; fishing benefits, which provide temporary income support to fishers during their off-seasons; and special benefits. Three categories of income support are available under special benefits: maternity benefits; parental benefits; and sickness benefits. (Please refer to Annex 1 for more information.) In addition to providing income support during the claimant's job search, regular benefits are also paid for worksharing and to clients of Employment Benefits and Support Measures (EBSMs).

### I. TOTAL INCOME BENEFITS

#### 1. Overview

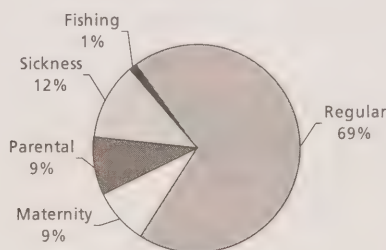
In 1999/00, there were about 1.7 million new claims for EI income benefits, a decrease of 6.6% from 1998/99. Men's claims declined by 9.8% and women's claims declined by 2.6%. There was also a 6.8% decline in claims made by youth. Although not at the same rate, the

number of claims decreased in all provinces and territories. The most significant drops occurred in Alberta (-14.0%), British Columbia (-12.1%), Saskatchewan (-9.5%) and Ontario (-9.1%).

Total benefit payments were \$9.4 billion, about 7.4% less than in 1998/99. Average weekly benefits paid to claimants were relatively stable, increasing 0.6% to \$284 (refer to Annex 2.2).<sup>2</sup> The reduction in total benefits paid occurred across most industrial sectors (refer to Annex 2.3). Primary industries experienced significant decreases, including mining, oil and gas (-25.7%) and logging and forestry (-17.7%). Benefits declined 12.8% in the construction industry, and increased slightly in finance and insurance (4.6%), and education (2.1%).

As shown in Chart 1, 69% of new claims were regular claims. Special benefits (maternity, parental and sickness benefits) accounted for 30% of all new claims, up from about 27% last year. New fishing claims represented 1% of all new claims, which is about the same as 1998/99.

Chart 1:  
Total New Claims 1999/00



<sup>1</sup> Unless otherwise stated, analysis in this chapter is based on EI administrative data for the period between April 1, 1999 and March 31, 2000, with a comparison to previous fiscal years.

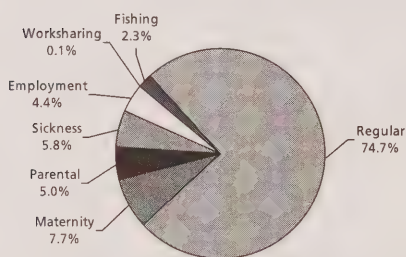
<sup>2</sup> The average weekly benefit for 1998/99 was revised to \$283.

The number of claims by benefit type and the changes between 1998/99 and 1999/00 are as follows:

- claims for regular benefits dropped 8.5% to 1.36 million;
- claims for fishing benefits dropped 2.5% to 25,438; and
- claims for special benefits increased 3.1% to 401,410.

Chart 2 shows that about three-quarters of income benefits were paid to regular beneficiaries. Special benefits accounted for 18.5% of all benefits paid, up from about 16.6% last year. At 2.3%, the proportion of benefits paid to fishers was about the same as last year. Another 4.4% of total income benefits was paid to claimants participating in Employment Benefits and Support Measures (EBSMs).<sup>3</sup>

**Chart 2:**  
Total Income Benefits 1999/00  
\$9.4 billion



The amount of benefits paid by type and the changes between 1998/99 and 1999/00 are as follows:

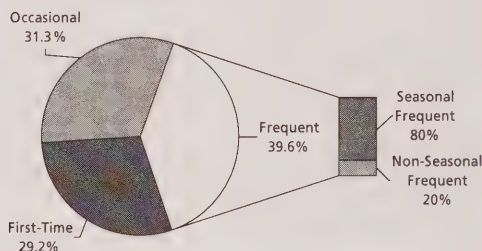
- regular benefits declined 9.4% to \$7.0 billion;
- income benefits paid to claimants participating in EBSMs declined 15.8% to \$412.5 million;

- fishing benefits were relatively stable, down 0.5% to \$217.0 million;
- special benefits increased 3.3% to \$1.7 billion; and
- worksharing benefits declined 38.5% to \$9.9 million.

## 2. Frequent Claimants<sup>4</sup>

In 1999/00, frequent claimants made up 39.6% of all regular and fishing claims, roughly the same proportion as in 1998/99. The number of claims made by frequent claimants declined 9.2% to 548,695. As in past years, about 80% of all frequent claimants had a “seasonal” pattern of making claims (please refer to Chart 3).<sup>5</sup> Men also continued to file about two-thirds of all frequent claims (please refer to Annex 2.7), reflecting the lower likelihood of women working in seasonal jobs.

**Chart 3:**  
Claims & Frequency of Use



It is important to note that the steep drop in frequent claims over the reporting year was primarily among non-seasonal claimants, which dropped by 18.4%. Seasonal claims dropped by only 6.5%. This is significant because it indicates that seasonal claims do not necessarily drop with strong economic growth. In fact, it is anticipated that, given the nature of seasonal work, strong employment growth could

<sup>3</sup> Please refer to Chapter 3 for a discussion of EBSMs. It includes a discussion of all EBSM expenditures.

<sup>4</sup> Frequent claimants are defined as those claimants who have made three or more regular and/or fishing claims in the past five years.

<sup>5</sup> Individuals who started previous claims at about the same time of the year as their current claim are considered seasonal claimants.



eventually lead to more claims. In comparison to 1998/99, the number of frequent claims dropped across all provinces and territories. About 38% of all frequent claims were filed in Quebec, where the number of claims dropped by 8.8%. However, declines were most significant in Ontario (-15.6%), Saskatchewan (-13.1%), and Alberta/Northwest Territories (-12.6%). The smallest drop occurred in New Brunswick (-2.1%).

Frequent claimants received almost \$3.0 billion in regular and fishing benefits during 1999/00. While this is a substantial drop from the previous year (-13.2%), frequent claimants received 41% of all regular and fishing benefits paid, which is down from 42.9% in 1998/99. Average weekly benefits for frequent claimants were relatively stable at about \$307, which is 7.9% higher than the average for all regular and fishing claimants.<sup>6</sup>

Male frequent claimants filed 11.3% fewer claims in 1999/00, and claims filed by female frequent claimants dropped 4.8%. By age group, declines were largest for claims filed by frequent claimants under 25 years (-15.1%). Claims also dropped substantially in the 25 to 44 age category (-12.4%), which is significant because just over half (about 56%) of all frequent claimants fall into this category. As in past years, the analysis suggests that prime working-age claimants were better able to access job opportunities in the improved labour market. Older claimants who are less mobile, many of whom work in seasonal industries, did not fare as well. Claims dropped by 5.3% for those between the ages of 45 and 54 years, and by only 0.2% for those 55 years and over.

### 3. Reform Elements

Under EI, important changes were introduced to the legislation to strengthen workforce attachment and to respond to changes in the labour market. Key changes to the legislation included new methods of determining eligibility and entitlement, the introduction of an intensity rule, a strengthening of the benefit repayment provisions and stricter eligibility requirements for new entrants and re-entrants to the labour market. Changes were also made to provide higher levels and better targeted assistance to low-income families through a Family Supplement.<sup>7</sup>

#### Family Supplement

The Family Supplement replaced the 60% benefit rate under UI for low-income *individuals* with dependent children, and was designed to better target assistance to claimants in need. The Family Supplement provides additional benefits to claimants in low-income *families* with children by increasing the maximum benefit rate they can receive from 55% to 80%.<sup>8</sup> (Please refer to the section entitled "Family Supplement" in Annex 1 for further information.)

Results show that a total of 195,330 low-income EI claimants received higher weekly benefits through the Family Supplement in 1999/00. This represents about 11% of all claims, which is unchanged from 1998/99 (please refer to Annex 2.13).

Total payments under the Family Supplement increased 10% to \$161.2 million. The increase in benefits paid occurred despite the reduction in the number of claims receiving the supplement (-6.2%). This result can be attributed to changes

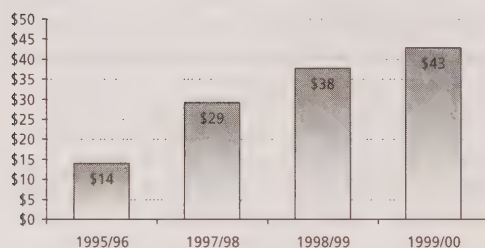
<sup>6</sup> It is important to note that this average weekly benefit does not reflect the impact of the benefit repayment provisions under EI because the provisions are administered through the tax system after benefits are received. Please refer to sections on benefit repayment later in this chapter for an analysis of benefits repaid by type of benefits.

<sup>7</sup> Please refer to Annex 1 for further information on the elements of EI reform. For discussion of the hours-based system, entitlement and duration, please see the sections on regular benefits, fishing benefits and special benefits later in this chapter.

<sup>8</sup> Like other claimants, claimants receiving the Family Supplement are subject to a maximum weekly benefit of \$413.

in the maximum benefit rate for Family Supplement recipients, which increased from 70% in 1998 to 75% in 1999, and matured at 80% in 2000. With the increases, the average weekly top-up grew by 13.5% to \$43 per claim. As shown in Chart 4, this is three times greater than the average of \$14 extra paid under UI in 1995/96. With the increased top-up, average weekly benefits for Family Supplement recipients increased 2.1% to \$254, and are now almost 38% higher than they were before EI. It is important to note that almost two-thirds of Family Supplement payments went to women, although women accounted for only 47% of all EI claims during this period.

**Chart 4:**  
**Average Top-ups**



Increases in Family Supplement payments occurred across all provinces and territories, but were highest in the Yukon (32.1%), Newfoundland/Labrador (20.9%), Nova Scotia (16.9%), Prince Edward Island (14%) and Quebec (13.8%). The increase in payments was also larger for women (14.8%) than for men (2.7%).

### Intensity Rule

The objective of the intensity rule is to discourage the use of EI as a regular income supplement but not to excessively reduce the benefits of those who make long or frequent claims. Claimants who are receiving the Family Supplement and/or claiming special benefits are exempt from the intensity rule (please refer to Annex 1 for further information).

In 1999/00, the number of regular and fishing claims affected by the intensity rule increased 13.8% to 606,090 (please refer to Annex 2.16). This represents 43.7% of all regular and fishing claims, up from 35.2% in 1998/99. More than two-thirds of affected claimants were men, reflecting the fact that men are more likely than women to be repeat claimants.

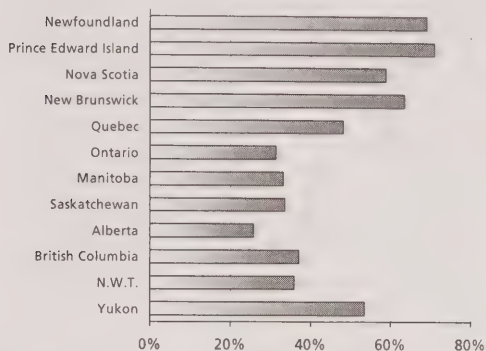
The proportion of claimants affected by the intensity rule continued to increase with the maturing of the provisions. About 41% of those affected had their benefits reduced by one percentage point, 27% by two percentage points, 19% by 3 percentage points, 11% by 4 percentage points and 3% experienced a 5 percentage point reduction.

Under the intensity rule, regular and fishing benefits were reduced by about \$128.6 million corresponding to about \$11.86 a week per affected claimant. This is up from 1998/99, when benefits were reduced by \$86.3 million or about \$8.55 a week.

In 1999/00, about half of all claimants affected by the intensity rule had a benefit level of \$300 or less. Claimants receiving weekly benefits of \$300 would have had average insurable earnings of about \$565 per week or about \$29,400 per year (prior to their claim).

The impact of the intensity rule is greater in areas where seasonal work is concentrated. As shown in Chart 5, the percentage of regular and fishing claims affected by the intensity rule is highest in Prince Edward Island (71%), Newfoundland/Labrador (69%), New Brunswick (63.5%), Nova Scotia (58.8%), Yukon (53.5%) and Quebec (48.2%). Alberta (25.8%) was least affected by the intensity rule.

Chart 5:  
% Claims affected by Intensity Rule



### Benefit Repayment Provisions (Clawback)<sup>9</sup>

Benefit repayment provisions were first effective under UI in 1979. They are designed to ensure claimants repay some of their benefits once their annual net income (including the benefits) exceeds a certain threshold. Under EI, the threshold at which benefits are repaid was lowered significantly. EI also created a two-tier threshold with a lower second threshold for repeat users and a requirement to pay back a larger share of benefits. (Please refer to Annex 1 for further information.) All benefit types are subject to clawback, including special benefits. Even those that claim EI for the first time are affected.<sup>10</sup>

The number of people who repaid some of their EI benefits in 1998 was 115,368, representing an increase of 44.7% over 1997 (please refer to Annex 2.15). About 87% of claimants affected by the clawback were men. Significant increases in the number of claimants affected by the clawback provision were noted in all regions of Canada. The largest rate increases were in Prince Edward Island (89.4%), New Brunswick (80.5%), Nova Scotia (77.7%) and Quebec (67.4%).

Among claimants affected by the clawback provisions, 78% were regular beneficiaries, 9% were in receipt of special benefits, 2% received fishing benefits, and 11% had claims of more than one benefit type. Just over one-third of claimants affected by the clawback had a net income of \$50,000 or less. Analysis indicates that claimants affected by the clawback provisions in 1998 had to repay between 23% and 31% of the benefits they received depending on the benefit type. Almost two-thirds of claimants affected by the clawback were subject to the \$48,750 net income threshold, reflecting the fact that they were either occasional users or special benefits recipients.

The total amount repaid by claimants in 1998 increased 76.1% to \$123.9 million. Men repaid \$108.4 million, or about 87% of all benefits repaid. About 31% of benefit repayments were in Ontario, 25% were repaid in Quebec, and 15% were repaid in British Columbia. Significant increases in the amount repaid were noted in Nova Scotia (143.7%), Prince Edward Island (143.1%), New Brunswick (132.3%), Quebec (108.6%), and Newfoundland/Labrador (106.4%).

The number of men affected by the clawback provision increased 48.2%, while the amount they repaid increased by 86.3%. Women experienced a much smaller growth in the numbers affected (25.4%), and growth in the amount paid back (27.3%). This is likely due to the fact that women use regular and fishing benefits less often than men do. It is also important to note that their lower incomes relative to men tend to make them less likely to have net incomes above the repayment threshold than men.

<sup>9</sup> This measure is administered through the tax system so results are reported on a tax year (i.e., calendar year) rather than a fiscal year basis. The most recent data available are for 1998.

<sup>10</sup> Claimants are subject to a net income threshold of \$48,750, and repeat claimants are subject to the lower threshold of \$39,000. The maximum portion of benefits to be repaid varies depending on the actual number of weeks of regular or fishing benefits received in the past five years. Please see Annex 1 for further information.



#### 4. Small Weeks Pilot Project

Under EI, benefit levels are based on average earnings within a 26-week period preceding the establishment of the claim. Total earnings are divided by the number of weeks of work during this period or the minimum divisor, whichever is greater. The result is multiplied by 55% to determine the weekly benefit. While this process has worked well for the most part, there was a disincentive for some workers to accept weeks with lower than average earnings ("small weeks") because including these earnings in the calculation of the average lowered the amount they received in benefits. Small weeks adjustment projects were introduced in May and August 1997 in high unemployment regions to examine whether this disincentive could be reduced or removed. When the projects expired on November 14, 1998, a new pilot project was introduced. This project currently operates in 31 of 54 regions across the country, and allows claimants to exclude weeks in which they earn less than \$150. (Please refer to Annex 1 for further information.)

The analysis in this year's report focuses on results relating to the period between the introduction of the new pilot project in November 1998 and March 2000, the end of the reporting period. These results indicate that 190,079, or 12.9% of all claims established in participating EI regions, included small weeks. About 18.6% of all claims made by women included small weeks and 9.0% of claims made by men had small weeks. Claims with small weeks constituted a relatively high percentage of all claims filed in Yarmouth (22.4%), Newfoundland/Labrador (20.2%), Eastern Nova Scotia (20.1%), and Trois-Rivières (19.4%). Conversely, claims with small weeks constituted only 1.6% of all claims in Northern Manitoba, 3.5% in Yukon-Northwest Territories, and 4.9% in Eastern Ontario.

Individuals in the 25 to 44 age group accounted for more than half the claims with small weeks

(54%); claims with small weeks made by older workers accounted for 28%. Women filed 59% of all claims with small weeks. Women were affected by the small weeks project more than men because they are more likely to work in part-time and temporary employment.

The average benefit of participants was \$211. This was \$18 or 9.2% more than they would have received without the project. About 15% of small weeks participants qualified for the Family Supplement, and almost 74% of these were women.

About 57% of participants (or 108,891) would have been subject to the intensity rule because they had a history of frequent claims. However, only 50% (or 94,496) of participants actually had their benefits reduced because the others qualified for the Family Supplement, and were therefore exempt from the intensity rule.

## II. REGULAR BENEFITS

### 1. Overview

The results for regular benefits reflect the exceptionally strong labour market noted in Chapter 1 (please refer to Chart 6). In 1999/00,

Chart 6:  
Regular Claims and Unemployment Rate



the number of regular claims established under EI declined by 8.5% to 1.36 million (please refer to Annex 2.4). The total amount paid out to regular beneficiaries also declined by 9.4% from \$7.8 billion to \$7.0 billion. Average weekly benefits increased slightly (0.4%) to \$283.



Reductions in the number of new claims were noted in every province and territory, and in all age and gender groups. At the provincial level, declines were particularly significant in Alberta (-18.6%), British Columbia (-13.7%), and Ontario (-13.0%). At the sectoral level, there were fewer regular claims filed by workers in virtually every industry. Significant declines were noted in many of the goods producing industries such as mining, oil and gas (-34.4%), logging and forestry (-16.4%), manufacturing (-12.3%), and construction (-8.7%). In the service industry, declines were significant in real estate (-14.0%), transportation (-8.3%), business services (-8.2%) and retail trade (-8.1%).

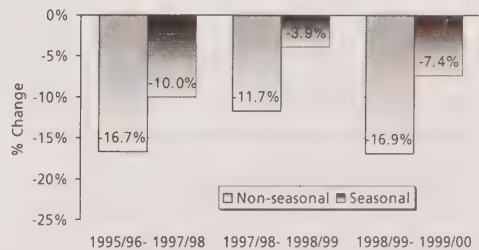
It is also important to note that claims made by men dropped (-11.0%) much more steeply than claims made by women (-4.7%) in 1999/00. This reverses a pattern noted in earlier reporting periods when women's new claims were dropping more quickly than men's. During this reporting period, much stronger employment growth (3.0%) has been noted in goods-producing industries where men tend to be highly represented. Employment growth was 2.7% in the services-producing sector, where women have greater representation.

To help explain the changes in regular claims between 1998/99 and 1999/00, changes in the duration of insured employment were examined.<sup>11</sup> About 81% of the drop can be accounted for by a drop in claims with long employment spells. About 13% can be accounted for by a drop in claims with medium employment spells, and the remaining 6% by a drop in claims with short employment spells.

The number of claims declined for all types of claimants, with the most significant drop in frequent claims (-10.1%). Claims by occasional claimants declined 8.4% and those made by first-time claimants declined by 6.5%. The

share of regular benefits paid to frequent regular claimants dropped from 41.3% to 39.8%. As noted earlier, the decline in frequent claims and the drop in benefits paid can be attributed to strong economic growth and a resulting drop in non-seasonal frequent claims. As shown in Chart 7, non-seasonal frequent claims have been falling much more quickly than seasonal frequent claims for each of the past three fiscal years. This is significant because employment growth has been exceptionally strong over this period. The slower decline in seasonal frequent claims is to be expected since they are less affected by economic cycles.

**Chart 7:**  
**% Change in Claims**  
**by Frequent Regular Claimants**



Strong employment growth for youth was accompanied by a significant drop (-9.4%) in the number of new claims established by youth during 1999/00. This result can be traced to the changing composition of new jobs for youth. As noted in Chapter 1, 86.7% of the new jobs for youth were in full-time employment in 1999/00, whereas in 1998/99 full-time jobs accounted for one-half (50%) of new jobs for youth. Roughly 45% of youth employment is in the retail trade and the accommodation, food and beverage sectors, and it should be noted that the number of claims in these sectors declined during this period.

<sup>11</sup> Claims with short employment spells are claims that just meet the entrance requirement, or have up to two weeks above the minimum entrance requirement. Claims with medium employment spells are claims that have more than two weeks over the entrance requirement, but less than six months over the minimum entrance requirement. Claims with long employment spells are claims that have at least six months more than the minimum entrance requirement.

## 2. Reform Elements

### Coverage

In recent years there have been questions raised about the coverage of EI and about how to measure the degree of support EI provides to unemployed Canadians. As part of the monitoring and assessment process, a closer look has been taken at this important subject from a number of perspectives drawing from a growing understanding of coverage issues.

The earliest method of measuring coverage is the beneficiary to unemployed (B/U) ratio. The B/U ratio is a very broad measure, comparing the number of people on EI regular benefits with the total number of unemployed people at any given time. Analysis indicates that the B/U ratio was in decline for most of the two-decade period leading up to EI reform in 1996 and 1997. About one-half of this decline can be clearly attributed to changes in the labour market while the other half is due to other factors, only some of which can be traced to changes in the program.<sup>12</sup> The B/U ratio was 45% in 1999, up one percentage point since 1997.

While the B/U ratio has the advantage of simplicity, it is too broad because the denominator includes unemployed people for whom EI regular benefits were not designed. For example, it includes individuals who have never worked, those who have not worked in the past 12 months or quit their job without just cause, and people who were formerly self-employed.

To overcome problems with the B/U ratio and focus specifically on the degree to which EI provides coverage to the target population, HRDC and Statistics Canada developed the Employment Insurance Coverage Survey (EICS).

Results indicate that 80% of those for whom the program was designed were actually eligible to receive benefits in 1999. These results are unchanged over the past two reporting periods and indicate coverage of the target population has remained stable under EI. Previously reported results from external evaluations have also indicated that there was no significant reduction in eligibility for the target population under EI.<sup>13</sup>

In an effort to better understand the issue of coverage, additional research was recently undertaken by HRDC using data from Statistics Canada's Survey of Labour and Income Dynamics (SLID).<sup>14</sup> While analyses in previous Reports have concentrated on the EI coverage for the unemployed population, an equally important question is how effectively EI provides security to employed people (i.e., how many employed would be eligible if they were to lose their job). In order to address this question, simulations were performed using SLID. Estimates for December 1998 indicate that 88% of paid workers would have been eligible for regular benefits if they had lost their job at that point in time.

Comparing the results for the employed population with those obtained through the EICS survey on the unemployed indicates that eligibility among those who actually lost their job in 1998 was lower than among the employed. The lower eligibility of the unemployed (80% compared to 88% for the employed) reflects the reality that employed individuals do not all face the same risk of becoming unemployed. Individuals who have the greatest risk of unemployment may also have less experience and attachment to the labour market, making them less likely to be eligible for EI benefits.

<sup>12</sup> For further information, please see the 1998 Employment Insurance Monitoring and Assessment Report.

<sup>13</sup> Craig Riddell & David Green, *The Effects of the Switch in the Entrance Requirement from a Weeks-Based to an Hours-Based System*. Constantine Kapsalis, *Evaluation of the Impact of Bill C-12 on New Entrants and Re-Entrants*. Shelley Phipps and Fiona Macphail, *Changes in Access to Benefits Resulting from Changes to New and Re-Entrant Requirements*.

<sup>14</sup> Statistics Canada's Survey of Labour and Income Dynamics (SLID) contains detailed longitudinal information on the labour force history of a sample of 30,000 Canadians.

### Hours-Based System and Divisor<sup>15</sup>

Under EI, both eligibility for benefits and entitlement are based on hours of work rather than weeks of work. An ongoing HRDC study using Canadian Out-of-Employment Panel (COEP)<sup>16</sup> Survey data has found that the switch did not significantly reduce overall eligibility, though eligibility for men increased and eligibility for women and youth declined slightly. In addition, a new HRDC study using COEP data indicates that eligibility increased under EI for multiple job-holders who work less than 35 hours per week. This is significant because one objective of the hours-based system was to improve access for multiple job-holders.

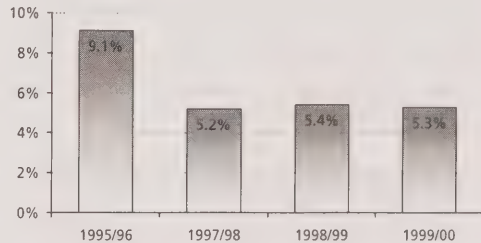
### Divisor

The divisor rule, which rewards individuals who work more than their minimum entrance requirement, is intended to encourage greater labour force attachment. An ongoing HRDC study using COEP data has found that people are working the additional two weeks required for full benefits. The increase in workforce attachment was greatest in Atlantic Canada. Another study using COEP data indicates that individuals with short-term employment have also increased their hours of work per week since the reform.

As shown in Chart 8, after dropping from 9.1% to 5.2% between 1995/96 and 1997/98, the proportion of claimants at or near the entrance requirement has remained relatively stable since then.<sup>17</sup> The data for 1999/00 indicate that the proportion of claimants at or near the entrance requirement is 5.3% (please refer to Annex 2.5). While the strong labour market provided greater opportunities for claimants to work longer, the divisor also encouraged individuals

to increase their work effort. The chart shows that the impact has been sustained in the years since EI was introduced. In addition, results indicate that the divisor increased the incentive for individuals to work more hours at the beginning of their employment period, and fewer hours as their months of employment increase. Ongoing HRDC studies using COEP data confirm this analysis, indicating that, on a national basis, only about 2% of all EI claimants enter the program with less than two full weeks above the variable entrance requirements.

**Chart 8:**  
**Proportion of Regular Claims at or near Entrance Requirement**



### Entitlement

EI reform also reduced the maximum benefit period from 50 to 45 weeks, but this change only affects claimants that have long periods of labour market attachment in high unemployment regions. The hours-based system was actually expected to increase entitlement for those who work more than 35 hours a week, because the additional hours worked were not counted under the weeks-based system. An ongoing HRDC study using COEP data found that the average entitlement period remained at about the same level before and after the reform, though the impact varied among groups. Entitlement increased for older workers, for men, who tend to

<sup>15</sup> Please see Annex 1 for a description of the hours-based system, the divisor rule, and other elements of the reform.

<sup>16</sup> The Canada Out-Of-Employment Panel (COEP) Survey is based on quarterly samples of 5,000-9,000 individuals who have job separations. The COEP survey is specifically designed to provide an additional source of information for understanding EI impacts. The survey is conducted on behalf of HRDC by Statistics Canada and provides detailed information on individuals' employment history, job search activities and outcomes, training, receipt of UI/EI benefits, and household incomes, financial assets, and debts.

<sup>17</sup> Claims at or near the entrance requirement (also referred to as claims with short employment spells) have up to two weeks above the minimum entrance requirement.



work longer hours, and for workers in Atlantic Canada, where the hours worked per week was higher due to the predominance of seasonal work and the smaller proportion of people in part-time work. Entitlement decreased slightly for women, because they are more likely to work part time and less likely to work in seasonal industries.

A new HRDC study using COEP data found that the increase in entitlement as a result of the hours-based system was most apparent for seasonal workers. The study indicated that seasonal workers work five more hours per week than non-seasonal workers. This led to an increase in entitlement of about one week per claimant because all hours of work are counted under EI.

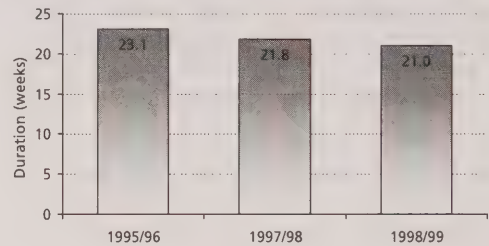
The study on multiple job-holding noted earlier also indicated that average entitlement increased slightly for multiple job-holders under EI, particularly for those who worked fewer than 35 hours per week.

Average entitlement declined from 33 to 32 weeks between 1998/99 and 1999/00. This can be explained by the fact that entitlement is based on both the number of hours of insurable employment and the regional rate of unemployment.<sup>18</sup> As noted in Chapter 1, the average unemployment rate fell nearly 1 percentage point between 1998/99 and 1999/00.

### ***Duration of Benefits***

The weeks of benefits actually received by regular claimants was also examined. Given that some claims straddle two fiscal years, the most recent data available for analysis covers claims established in 1998/99. Chart 9 shows that regular claimants who established claims in 1998/99 received an average of 21.0 weeks of EI benefits, down from 21.8 weeks in 1997/98 and 23.1 weeks in 1995/96. Better labour market conditions are an important factor contributing to the reduced time spent on claim.

**Chart 9:  
Duration of Benefits  
for Regular Claimants**



Claimants in Newfoundland/Labrador received benefits for 28.3 weeks, reflecting the longer entitlement duration of 38 weeks due to the higher unemployment rates. Average time spent on benefits was lowest in Ontario with 18.5 weeks. The reductions in the number of weeks paid occurred in most provinces and territories, and were more significant in Ontario (-1.4 weeks), the Northwest Territories (-1.4 weeks), Prince Edward Island (-1.2 weeks), and Quebec (-1.1 weeks). The duration of benefits increased slightly in Saskatchewan (+0.5 week), Alberta (+0.5 week), Newfoundland/Labrador (+0.1 week), and the Yukon (+0.1 week).

The average weeks spent on benefits was 20.7 weeks for men (-0.6 week), and 21.6 weeks for women (-0.9 week). The average duration for youth was similar at 20.7 weeks, but for older workers duration was higher at 22.6 weeks.

### ***Exhaustion of Benefits and Income Adequacy***

During EI reform, concerns were expressed that the legislative changes could result in higher take-up rates for social assistance. In particular, there were concerns that the reduction in the maximum period of entitlement from 50 to 45 weeks and the changes to the eligibility criteria could mean that more people would move onto social assistance. Data from HRDC studies using the COEP data continues to indicate that

<sup>18</sup> Under EI, entrance requirements and entitlement periods vary by regional unemployment rates in order to better meet local labour market conditions. Consequently, as unemployment rates fall, the number of weeks of entitlement will also decline.



only about one in five claimants stay on claim for their entire entitlement period, thereby “exhausting” their benefits.<sup>19</sup> This figure has declined since EI reform (-14%), reflecting an improved labour market and confirming that the reduction of the benefit entitlement period under EI has not led to an increase in exhaustion of benefits. It is also worth noting that adult women and youth were less likely than men to exhaust their benefits. In addition, an HRDC study using COEP data reports a decline in the number of seasonal workers who exhaust their claim before the new “season” begins (“gappers”).

This year's study of COEP data reveals that of those who exhausted their benefits, about 12.4% moved on to social assistance, down from before EI reform. About 75% of exhautees who did not collect social assistance had access to other resources (such as liquid assets or other family income).

Concerns have also been raised about whether EI benefits are adequate. Research using COEP data confirms results published in the 1999 Report that only a small proportion (about 12%) of those who became unemployed experienced a drop in household consumer spending one year later. For this group, the drop averaged about 24% of monthly household income.

### **Family Supplement**

About 145,350 claimants of regular benefits received the Family Supplement in 1999/00, representing about 11% of all regular beneficiaries. This is about the same proportion as 1998/99. Total Family Supplement payments increased 7.9% to \$123.8 million, and roughly 55% of these payments were to women. The top-up amount averaged \$44 per week, \$5

higher than in 1998/99, reflecting the increase in the maximum benefit rate allowed. Accordingly, average weekly benefits for regular claimants receiving the Family Supplement also increased by about \$5 to \$262.

### **Intensity Rule**

The number of regular claims affected by the intensity rule increased 13.9% to 579,040 over the reporting period. About 42.5% of all regular claims were affected, up from 34.1% in 1998/99. About 79% of frequent regular claimants were affected by this measure in 1999/00, compared to 65% the previous year and 38% in 1997/98. About 68.2% of claimants affected were men, reflecting the fact that men are more likely than women to be repeat claimants.

Under the intensity rule, regular benefits were reduced on average by about \$11.35 a week per affected claimant. For frequent regular claimants, benefits were reduced on average by about \$13.28 per affected claimant. In 1999/00, about 42% had their benefits reduced by one percentage point, 27% by two percentage points, 18% by three percentage points, 11% by four percentage points and 3% experienced a five percentage point reduction.

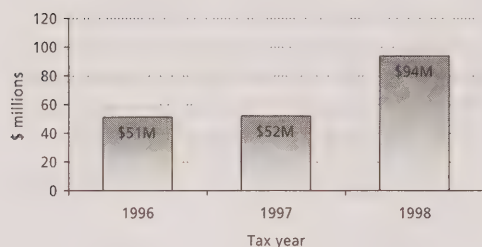
### **Benefit Repayment Provisions (Clawback)**

Between 1997 and 1998 the number of regular claimants affected by the clawback increased by 48% to about 89,700, while the amount repaid by them grew by 81.3% to almost \$94 million (refer to Chart 10). The larger increase in amount repaid is indicative of a combination of two factors: the previous program usage for regular benefits, which affects both the repayment rate and the repayment income threshold, and increases in income, which

<sup>19</sup> The study defines the claims exhaustion rate as the share of individuals who used up the entire period of their entitlement due to unemployment within 52 weeks. Other studies show higher rates of exhaustion (between 30% and 40%) because they also include claimants who do not use up all of their entitlements but have their claims terminated after 52 weeks as the result of factors such as working while on claim or delayed filing because of severance payments.

affects the amount subject to repayment. Analysis indicates that regular claimants affected by the clawback provisions in 1998 had to repay 25% of the benefits they received. About 92% of claimants repaying regular benefits were men; their repayments accounted for over 93% of regular benefits repaid.

**Chart 10:  
Benefit Repayments,  
Regular Claimants**



### Work While on Claim<sup>20</sup>

Under EI, regular beneficiaries are allowed to earn up to \$50 a week or 25% of weekly benefits, whichever is higher, with no reduction in EI benefits. The aim is to encourage low-income claimants to maintain their labour force attachment and to increase their earnings from work. (Please refer to the section on Working While on Claims in Annex 1 for further information.)

In 1998/99, a total of 847,310 or 56.2% of regular claimants reported working while they were on claim (please refer to Annex 2.14). This includes claimants who worked while on claim and still received some benefits for those weeks, as well as claimants who received earnings high enough to reduce their benefits to zero for some weeks.

A comparison with 1996/97 data shows a slight decline in the proportion of regular claimants reporting work while on claim. Despite the small drop at the national level, increases were

recorded in New Brunswick (from 65.5% to 70%), Prince Edward Island (from 62.5% to 66.9%), and in Newfoundland/Labrador (from 69.3% to 71.7%). Increases were also noted among older workers (40.9% to 44.3%) and frequent claimants (66.6% to 67.2%).

In last year's Report, it was noted that the \$50 floor only affected claimants who have weekly benefits of less than \$200. Other claimants, who represent 75% of all claimants reporting earnings while on claim, continued to be subject to existing rules. A new HRDC study using COEP data found that the decline in working while on claim can be traced to claimants with weekly benefits above \$200. Results for those with benefit levels at or below \$200 were unchanged. The study also found that working while on claim is more prevalent in the Atlantic provinces, Quebec and British Columbia, and in the primary, manufacturing and construction industries.

## III. FISHING BENEFITS

### 1. Overview

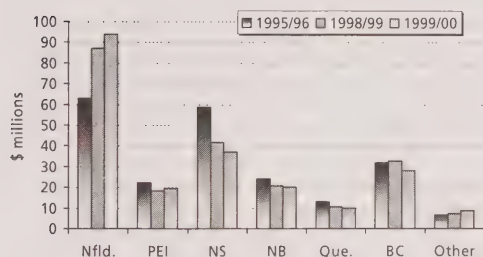
In 1999/00, almost 25,440 new fishing claims were established, down 2.5% from a year earlier (please refer to Annex 2.6). Claims by men declined 4.5% to 21,899 while claims by women increased 12% to 3,539. Among major fish producing provinces, new claims declined substantially in British Columbia/Yukon (-16.1%) and Nova Scotia (-14.2%), but increased in Newfoundland/Labrador (4.6%), Prince Edward Island (3.9%), and New Brunswick (1.5%). There was very little change in the number of claims in Quebec (+0.5%).

Fishers received \$217.0 million in EI fishing benefits in 1999/00, relatively unchanged (-0.5%) from the previous year despite the overall decline in claims established. The relative stability in benefit payments can be

<sup>20</sup> Given that some claims straddle two fiscal years, the most recent year for this analysis is 1998/99.

explained by higher weekly benefits. Analysis indicates that average weekly benefits increased by 3.7% to \$366, which is about 30% higher than the average of \$283 for regular claimants. Newfoundland/Labrador, which accounts for 43% of fishing claims, was the only major fish-producing province with an increase in average weekly benefits (10.2%). As shown in Chart 11, increases in total fishing benefits paid were noted for Newfoundland/Labrador (7.8%) and Prince Edward Island (6.4%). Total benefits paid decreased in British Columbia/Yukon (-14.1%) and Nova Scotia (-11.4%), reflecting the substantial declines in claims established.

Chart 11:  
Fishing Benefits Paid



It is important to note that changes in fishing benefits paid are tied to changes in the value of resources harvested. Fishers in Newfoundland/Labrador appear to have benefited from continuing increases in the value of fish harvests, especially shellfish and to a lesser extent cod. The decline in fishing claims and benefits paid for British Columbia and Nova Scotia coincides with substantial declines in the value of fish harvests in these provinces.

While the number of first-time and occasional claims declined substantially, it is important to note that three-quarters of fishing claims are

made by frequent claimants. The number of frequent claims increased 10.9% over the past year. Significant increases in frequent claims were noted for Newfoundland/Labrador (22.9%) and Prince Edward Island (20.9%), due in part to increases in the frequency of claims by young fishers and women. On the other hand, Nova Scotia recorded the largest decline in frequent claims (-8.6%). The share of frequent claimants was lower in Newfoundland/Labrador (64%) than in any other major fish-producing province. This is likely due to the drop in self-employed fishing employment in the mid-1990s as a result of the decline of the cod stocks and the subsequent change in the mix of species being relied on.

## 2. Reform Elements

### Earnings-Based System and Qualifying Period

One of the most fundamental EI changes for fishers involved eligibility based on insured earnings instead of weeks of work. Under the earnings-based system, fishers can qualify for benefits with a minimum of between \$2,500 and \$4,199 in insured earnings from fishing. For new entrants and re-entrants to the labour force a minimum of \$5,500 of insured fishing earnings is required to qualify. The requirement is lower for those claiming special benefits.<sup>21</sup>

Analysis indicates that the change to eligibility based on dollars of insured earnings did not limit access to fishing benefits. In 1999/00, 97.5% of claimants qualified with more than \$5,000 in insured earnings, and no one claimed with the minimum requirement of \$2,500. This indicates that new entrants and re-entrants can qualify for benefits without difficulty.

It is also important to note that under EI, qualifying periods and benefit periods were expanded. The combination of these changes

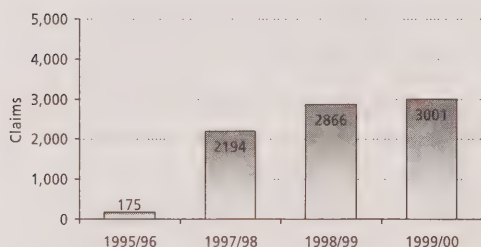
<sup>21</sup> To qualify for special benefits new entrants and re-entrants require \$4,200 in insured fishing earnings instead of \$5,500.



with the relatively low earnings requirement has made it easier for fishers to qualify for fishing benefits in two consecutive seasons. They are able to fish in the winter months and start the summer benefit period earlier, and then fish again late in the extended summer fishing season to qualify for benefits again. Good seasonal conditions and harvests made over short periods allow fishers to establish multiple claims.

As shown in Chart 12, just over 3,000 fishers (11.8% of fishing claims) claimed fishing benefits in two consecutive seasons (not necessarily within the same fiscal year), up from 11.0% the previous year. The proportion of multiple claims to all fishing claims is significantly higher in New Brunswick (39.6%)

**Chart 12:**  
**Claims in Consecutive Seasons**



and Nova Scotia (22.5%). Frequent claimants made over 91% of multiple claims.

In addition to the number of multiple claims increasing (4.7%), the time span between the end of the first and the start of the second claim has shortened. In 1999/00, the second claim was established within six weeks of the end of the first claim in 25.1% of cases, compared to 21.4% in 1998/99. About 52.8% of second claims were established within 9 weeks (compared to 49% in 1998/99), and 77% of second claims were established within 12 weeks (compared to 72.3% last year).

### Family Supplement

About 11.5% of all fishers (or 2,938) received the Family Supplement. Total Family Supplement payments to fishers increased 8.7% to almost \$2.1 million, and the average weekly benefits for fishers receiving the Family Supplement increased \$23 to \$375. It should be noted that the \$375 average was slightly higher than the average for all fishers of \$366, and 43% higher than the average for regular claimants receiving the Family Supplement.

### Intensity Rule

Just over 21,000 fishers had their weekly benefits reduced under the intensity rule, about 5.2% more than a year earlier. This represents 82.9% of all fishers, compared to 76.8% in 1998/99. Among fishers that are frequent claimants, 90.9% were affected by the intensity rule, while the others received the Family Supplement and were therefore exempt from the intensity rule. In 1999/00, about 12% had their benefits reduced by one percentage point, 18% by two percentage points, 55% by three percentage points, 10% by four percentage points and 3% experienced a five percentage point reduction. The reduction in fishing benefits averaged \$19.30 a week per affected claimant.

### Benefit Repayment Provisions (Clawback)

The number of fishers affected by the clawback provisions increased substantially (61.6%) to 2,563, while the amount of benefits clawed back more than doubled (135.4%) to \$6.8 million between 1997 and 1998. With each year, the number of fishers with a history of repeat use of EI increases and thus results in a higher number of affected fishers. The rather large increase in the amount of benefits clawed back is due in part to the lowering of the income threshold when a claimant makes repeat use of the program as well as increases in the incomes of fishers. Fishing claimants affected by the clawback provisions in 1998 had to repay 31% of the benefits they received.



## IV. SPECIAL BENEFITS

### 1. Overview

EI provides three types of special benefits: maternity benefits, payable to biological mothers for work missed as a result of pregnancy and childbirth; parental benefits, payable to both biological and adoptive parents for the purpose of caring for a newborn or adopted child; and sickness benefits, payable to claimants who are too ill to work.

The total number of claims for which special benefits were paid was 401,410, an increase of 3.1% from 1998/99 (please refer to Annex 2.8). As in past years, women accounted for 75% of claims for special benefits. About 12% of claims for special benefits were made by youth, which is about the same proportion as in 1998/1999. As shown in Table 1, the average number of weeks for which special benefits were paid remained stable, averaging 19.4 weeks compared to 19.5 weeks in 1998/99.<sup>22</sup>

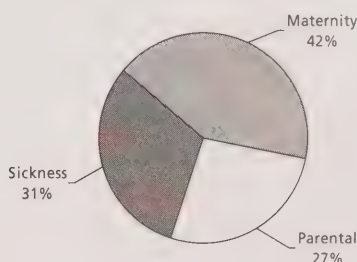
**Table 1**  
**Weeks of Benefits**

Type of Benefit	Average Weeks Paid	Maximum Entitlement
Maternity	14.5	15
Parental Biological	9.1	10
Parental Adoptive	11.2	10*
Sickness	9.0	15
Special	19.4	30

\* Parents are also entitled to an extra five weeks of parental benefits for special physical, psychological or emotional needs of the child.

Total special benefits payments increased by 3.3% to \$1.7 billion. The increase in the number of claims and benefits paid for special benefits are notable given the decreases for other benefit types noted earlier in this chapter. About 18.5% of total income benefits were special benefits, compared to 13.6% paid in 1995/96. Average weekly benefits increased by 1.5% to \$275. (Please refer to annexes 2.9 through 2.12 for details on special benefits.) As shown in Chart 13, about 42% of special benefits were maternity benefits, 27% were parental benefits, and 31% of special benefits were sickness benefits.

**Chart 13:**  
**Special Benefits Paid by Type**



### Maternity and Parental Benefits

Claims for maternity benefits rose in 1999/00, increasing by 1.1% from 173,920 to 175,800. Total payments for maternity benefits were \$722.9 million, up 1.6% from 1998/99. The average weekly benefit level for all maternity claims was \$283, an increase of 2.2%, which is in line with the growth in earnings noted in Chapter 1.

Claims for biological and adoptive parental benefits increased by almost 1%, from 169,080 to 170,620. Total payments for parental benefits were \$471.7 million, up 1.9% from 1998/99. The average weekly benefit level of biological parents was \$294, an increase of 2.6%. Average weekly benefits for adoptive parents increased 3.2% to \$353.

<sup>22</sup> This accounts for mixed claims (e.g., those having weeks of regular benefits), which has the effect of increasing the average number of weeks, since regular entitlement can exceed 30 weeks.

Almost all of those collecting biological parental benefits were women (95%), and 88% of those in receipt of adoptive parental benefits were women. Research indicates that 85% of mothers in paid employment are currently covered by the existing system. This coverage has been constant since 1992.<sup>23</sup> Results also indicate that parents are using close to their full entitlement of maternity and parental leave. The average number of weeks for which maternity benefits were paid was 14.5 weeks, or 97% of their entitlement. The average number of weeks for which biological parental benefits were paid was 9.1 weeks or 91% of their entitlement. Adoptive parents in receipt of the parental benefit were on claim for an average of 11.2 weeks.<sup>24</sup>

In future years, we expect the length of time spent on parental benefits to increase substantially. As of December 31, 2000, parents will have up to 35 weeks of parental benefits. Access to the program will also be enhanced. Claimants will be able to qualify for EI special benefits with 100 fewer insured hours of employment (600 hours). Flexibility will also be enhanced. A second parent sharing parental leave will not be required to serve a second two-week waiting period, and parents will also be able to earn the greater of \$50 or 25% of their weekly benefit without a reduction in their EI benefits. (Please refer to the section on "Changes to Special Benefits Effective December 31, 2000" in Annex 1.)

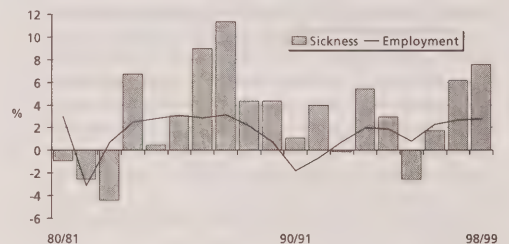
### Sickness Benefits

After increasing by 8.5% in the previous reporting period, the number of sickness claims once again increased by 6% to 233,130. Total payments for sickness benefits increased 7.1% to \$544.1 million. The average weekly benefit level

for sickness claims was \$260, an increase of 0.7% over 1998/99. The average number of weeks for which sickness benefits were paid was 9.0 weeks, or 60% of entitlement. While Newfoundland/Labrador and Manitoba had significant increases in sickness claims in the previous reporting period, claims decreased for those provinces between 1998/99 and 1999/00. New Brunswick, Quebec and Alberta are the only provinces in which the number of sickness claims has increased for each of the past three years.

In the 1999 Report, we said that the increase in sickness claims needed further investigation. As a result, an analysis of EI administrative data and historical labour market trends was undertaken over the past year. Preliminary results from this work indicate that a substantial part of the changes are related to employment growth. When employment growth is strong, as in the current reporting period, the number of sickness claims also grows (refer to Chart 14).

**Chart 14:**  
**Growth in Sickness Weeks**  
**vs. Growth in Employment 1980-1999**



For example, at the end of the 1980s, sickness claims increased by 6.8% in 1986/87, and 7.4% in 1987/88. However, as the economic expansion of the late 1980s came to an end, the growth in sickness claims also decelerated.

<sup>23</sup> Statistics Canada Absence from Work Survey, 1998.

<sup>24</sup> The average number of weeks for which parental benefits were paid to adoptive parents exceeds their 10-week maximum entitlement because parents can also claim an additional five weeks of parental benefits for a child who has special physical, psychological or emotional needs.

Analysis also indicates that some of the increase can be traced to the use of sickness benefits in combination with maternity/parental benefits. About 10% of maternity/parental claims start with a sickness claim. Finally, there are also indications that year-to-year volatility plays a role and that the number of "short-term" sickness claims has also been rising.<sup>25</sup> We will continue to monitor the use of sickness benefits in the future.

## 2. Impact of Reform Elements

### Hours-Based System

As in past years, the vast majority of special benefit claimants had a strong labour force attachment. Most claimants had little difficulty in qualifying for benefits. While entrance requirements are set at 700 hours in 1999/00, 89.6% of claimants had more than 910 insurable hours.

### Family Supplement

About 21% of maternity and parental benefit claimants and 13% of sickness benefit claimants received the Family Supplement in 1999/00. Receipt of the Family Supplement by maternity and parental claimants was relatively stable (+0.5%), while sickness claimants increased 12.1%. The average weekly top-up for special benefit claimants increased 13.0%, from \$35 to \$39. About \$37.1 million in Family Supplement benefits were paid to special claimants. Family Supplement benefits paid to maternity/parental claimants increased 17%, while those paid to sickness claimants increased 26.2%.

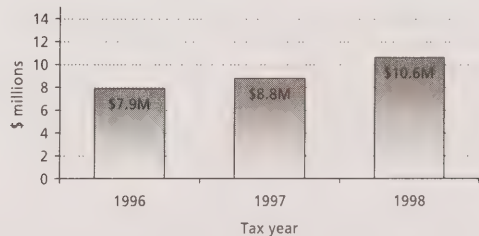
The Family Supplement appears to be helping low-income families claiming special benefits to stay on claim longer. The average number of

weeks for which special benefits were paid to low-income families who received the top-up was 22.1 weeks in 1999/00, compared to 18.9 weeks for claimants not receiving the top-up. At low benefit rates, the impact of the Family Supplement on the duration of a claim is even more pronounced.

### Benefit Repayment Provisions (Clawback)<sup>26</sup>

The number of individuals who repaid special benefits went up by 20.4% to 10,689 between 1997 and 1998. As shown in Chart 15, the total amount repaid grew proportionally by 20.7% to \$10.6 million. This suggests that individuals receiving special benefits on average repaid the same amount in both years. As special benefit

**Chart 15:  
Benefit Repayment,  
Special Claimants**



repayment varies only as a result of shifts in income and/or benefits and there are no varying repayment rates/income thresholds, this result is not surprising. Recipients of special benefits are not subject to a phasing-in period, as usage history (beginning June 30, 1996) does not affect their clawback provisions. About 66% of claimants who repaid special benefits in 1998 were women, and 8% of claimants who repaid regular EI benefits were women. Analysis indicates that special benefits claimants affected by the clawback provisions in 1998 had to repay 23% of the benefits they received.

<sup>25</sup> Weeks of sickness benefits are considered "short-term" when they are claimed during an ongoing claim and do not exceed four weeks. In these circumstances, no medical certificate is required.

<sup>26</sup> Special benefits claimants with a net income above \$48,750 are required to repay 30% of their net income above the threshold or 30% of benefits, whichever is less.





## Chapter 3 – Employment Benefits and Support Measures

This chapter provides an update on partnerships with provinces and territories under the Labour Market Development Agreements (LMDAs).<sup>1</sup> The analysis focuses on results between April 1, 1999 and March 31, 2000, the fourth year that Employment Benefits and Support Measures (EBSMs) have been delivered under the *Employment Insurance Act*. The analysis compares data and results from 1998/99 with those for 1999/00. Evaluation data is also presented.

While reference is made throughout this chapter to the term EBSMs, it should be noted that in this report the term is also used to refer to similar provincial/territorial programs and services that, for reporting purposes, are categorized according to corresponding HRDC EBSMs.

There are five employment benefits (Targeted Wage Subsidies, Targeted Earnings Supplements,<sup>2</sup> Self-Employment, Job Creation Partnerships and Skills Development) and three support measures (Employment Assistance Services, Labour Market Partnerships and Research and Innovations). To be eligible for Employment Benefits individuals must be unemployed and have a current Employment Insurance (EI) claim or a claim that ended in the preceding three years. Those who began a maternity or parental claim in the preceding five years, after which they left the labour market to care for

newborn or adopted children, are also eligible for Employment Benefits upon re-entry into the labour market. Support Measures are mechanisms that provide opportunities to individuals or communities to further their employment and labour market potential. In most cases these mechanisms focus on immediate employment assistance to individuals, but may be used to form partnerships for labour market research or for pilot projects seeking new approaches to address labour market issues. (Please refer to Annex 1 for a description of EBSMs and LMDAs.)

### I. CLIENTS AND INTERVENTIONS

#### 1. Overview

In 1999/00, somewhat fewer clients participated in EBSMs than in the previous year, but on average each client participated in slightly more interventions (please refer to Table 1).

Table 1				
EBSM and UIDU* Interventions				
Interventions	UIDU 1995/96	EBSM 1997/98	EBSM 1998/99	EBSM 1999/00
Total Long-Term Interventions	200,613 (45.4%)	217,759 (45.2%)	266,090 (41.5%)	212,090 (32.8%)
Total Short-Term Interventions	238,923 (54.0%)	257,732 (53.4%)	368,304 (57.5%)	423,798 (65.6%)
Pan-Canadian**	2,567 (0.6%)	6,568 (1.4%)	6,394 (1.0%)	9,951 (1.5%)
<b>Total</b>	<b>442,103 (100%)</b>	<b>482,059 (100%)</b>	<b>640,788 (100%)</b>	<b>645,839 (100%)</b>

Source: Client Data Set  
 \*Unemployment Insurance Developmental Uses  
 \*\*Prior to 1998/99 data was included under the heading of "other."

<sup>1</sup> For more information on the Labour Market Development Agreements (LMDAs), please refer to Annex 1 and Annex 3.1.

<sup>2</sup> Not implemented as of 1999/00.

During 1999/00 a total of 481,282 individuals participated in 645,839 interventions.<sup>3</sup> The number of clients in EBSMs decreased 4.1% while the total number of interventions increased 0.8% over 1998/99. The decrease in clients is consistent with the decline of the number of new EI claims noted in Chapter 2. On average, clients participated in 1.3 interventions each (please refer to Annex 3.2).

In 1999/00, 63.8% of those who participated in EBSMs had active EI claims, 15.2% were former claimants and about one in five (20.9%) were non-insured (please refer to Table 2 and Annex 3.3). The proportions of former clients and non-insured clients reflect slight increases from 1998/99 (0.4 and 2.6 percentage points respectively) while the proportion of active claimants declined by 3.1 percentage points. The increase in non-insured clients occurred mostly in Alberta. The increase in the number of former claimants is due to efforts to help clients

who remained unemployed after their EI claim ended. It should be noted that non-insured clients are eligible for short-term support measures but not income benefits. However, non-insured clients may have access to non-EBSM programs offered by the provinces/territories. Strong labour market performance may have enabled the focus on individuals who remained unemployed for an extended period of time. In addition to this, some provinces adapted their strategies to target high-risk clients.

Ontario, Alberta and Quebec accounted for 67.5% of all interventions, while the Atlantic provinces accounted for about 12.1%. The number of interventions went up in Newfoundland, Prince Edward Island, Nova Scotia, Manitoba, Alberta, British Columbia and the Yukon while interventions in New Brunswick, Quebec, Ontario and Saskatchewan declined.

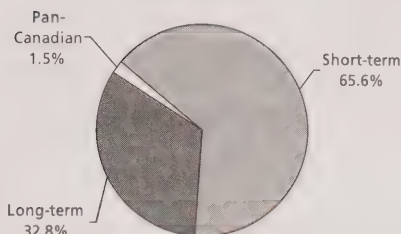
A changing mix in the use of long-term versus short-term interventions indicates some fine tuning of the approach to client service at the local level. In 1999/00, 65.6% of all interventions were short-term, 32.8% were long-term and 1.5% were classified as pan-Canadian interventions (please refer to Chart 1 and Annex 3.4).<sup>4</sup> As in past years, the mix of short- and long-term interventions varied across provinces and territories. This is as expected, since the LMDAs were designed to allow the flexibility necessary to meet client needs at a local level.

<b>Table 2</b>			
<b>Participation by client type</b>			
	<b>1997/98*</b>	<b>1998/99</b>	<b>1999/00</b>
Active EI Claimants**	82.2%	66.9%	63.8%
Former EI Claimants***	17.8%	14.8%	15.2%
Non EI clients****	N/A	18.3%	20.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Source: Results Data Set			
*HRDC did not differentiate between former and non-insured claimants in 1997/98.			
** Refers to clients that were in receipt of EI Income Benefits			
***Refers to "reachback clients" or those that had an active EI claim in the last three years (or five years, if they had a maternity or parental claim).			
****Refers to clients who are not active or former claimants.			

<sup>3</sup> Interventions refer to participants who started in a program or service between April 1, 1999 and March 31, 2000. It is important to understand that interventions are not representative of the number of clients served. For example, one client may have two different interventions thus resulting in a client count of one but an intervention count of two.

<sup>4</sup> Long-term interventions are normally more than a few weeks in duration and involve financial assistance to employers, third parties, or individuals to prepare clients for employment. Short-term interventions are normally limited in duration from a half day to a few weeks and participants, for the most part, are labour market ready. Other EBSM and pan-Canadian activities include interventions delivered under Aboriginal Human Resources Development Agreements as well as interventions delivered under the Fisheries Restructuring and Adjustment Measures.

**Chart 1:  
Interventions**



Use of short-term interventions occurred most frequently in Quebec, Ontario, Manitoba, Alberta, Nova Scotia and British Columbia. Newfoundland, New Brunswick, Prince Edward Island and Saskatchewan tended to use long-term interventions most often.

## 2. Long-Term Interventions

There were 212,090 long-term interventions delivered in 1999/00, down 20.3% from 1998/99. Long-term interventions accounted for 32.8% of all interventions, from 41.5% in 1998/99. Over half of all long-term interventions were undertaken in Quebec, Ontario and British Columbia (please refer to Annex 3.4).

More than three of every five long-term interventions in 1999/00 were in Skills Development (please refer to Table 3 below). This reflects a continued emphasis on increasing skills as a means to help clients find and keep employment.

Since EBSMs were introduced in 1996, long-term interventions have represented a steadily decreasing proportion of total interventions. This change in the mix of programming coincides with a stronger Canadian labour market. More jobs available may have reduced the demand for long-term assistance. As noted in Chapter 1, unemployment is at its lowest rate since 1976.<sup>5</sup>

Labour market conditions are only one factor that may affect the use of long-term interventions. The *EI Act* favours short-term interventions as a means of getting people back to work quickly. This is reflected in an operational focus on unpaid benefits, which may also be linked to the relative decline in the use of long-term interventions. Short-term interventions have a greater impact on unpaid benefits since clients require income support for a shorter period of time than is the case with long-term interventions.

Policies must balance these considerations with client and employer needs and the skill level of the labour force. In some provinces/territories short-term interventions may have been used more often because they met the needs of the clients. Other jurisdictions may have chosen long-term interventions as a means to deal with chronic unemployment and/or skill shortages. Long-term interventions may also be chosen as a means to help those clients that face greater obstacles to employment. As such, an area that is dealing with clients that face significant labour market barriers may also tend to prefer long-term interventions.

As shown in Table 3, the overall mix of long-term interventions has remained relatively unchanged over the last three years, though it

Table 3			
Distribution of Participants by Type of Long-Term Intervention (%)			
	1997/98	1998/99	1999/00
Targeted Wage Subsidies	7.0%	11.5%	12.3%
Self-Employment	6.9%	6.4%	6.9%
Job Creation Partnerships	9.9%	10.9%	8.8%
Skills Development*	76.3%	71.2%	72.1%
<b>Total**</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Client Data Set

\*Skills Development for the purposes of this table brings together the results of Training Purchases, Project-Based Training, Skills Development and what was included under Enhanced Fee-payers in the 1999 edition of this report.

\*\*Rounding may result in totals not equating to 100%.

<sup>5</sup> It is important to note that this statement applies nationally but may not hold true for individual jurisdictions.



should be noted that Job Creation Partnerships accounted for 10.9% of all long-term interventions in 1998/99 versus 8.8% in 1999/00. A strong labour market, which leads to less demand for this type of intervention, may have contributed to this decline.

The type of long-term intervention used is also dependent on local labour market circumstances. Depending on the area in question, one long-term intervention may be more appropriate than another. For example, an urban setting may make better use of a Targeted Wage Subsidy or Self-Employment Benefit while a rural setting with relatively fewer job opportunities may tend to rely more on a Job Creation Partnership.

### 3. Short-Term Interventions<sup>6</sup>

Short-term interventions increased by 55,494 or 15.1% to 370,818 in 1999/00. Short-term interventions accounted for a larger share of all interventions delivered, 65.6% in 1999/00 versus 57.5% in 1998/99 (please refer to Table 1 and Annex 3.4).

Short-term interventions, such as Employment Assistance Services (EAS), are best suited to those areas where the labour market is relatively strong. However, a short-term intervention, such as Individual Counselling or EAS, may be used as a vital first step in an action plan to prepare a client for entry into a subsequent long-term intervention.

As shown in Table 4, the percentage of EAS interventions increased by 12.5 percentage points, while Employment Group Services (EGS) interventions declined by 12.6 percentage points. Much of the decline in EGS was due to changes in results counting in British Columbia and Ontario, where the declines in EGS were concentrated. Declines in EGS were partially offset by the addition of Quebec data this year.<sup>7</sup>

<sup>6</sup> Please see footnote 4.

<sup>7</sup> Quebec implemented Group Services interventions in 1999/00.

<sup>8</sup> Pan-Canadian activities refer to programs or services that are national in scope and are administered by Human Resources Development Canada.

Some of the increase in EAS interventions resulted from the reduction in EGS. EAS was used as an alternative intervention when guidelines on the use of EGS were changed in some jurisdictions. Participation in Individual Counselling increased by 8,292 participants or 25.8% over 1998/99. Individual Counselling maintained approximately the same proportion of short-term interventions as in 1998/99.

**Table 4**

#### **Distribution of Participants by Type of Short-Term Intervention (%)**

	1997/98	1998/99	1999/00
Employment Assistance Services	28.3%	52.8%	65.3%
Employment Group Services	50.7%	34.9%	22.3%
Individual Counselling	21.0%	8.7%	9.5%
Supplément de retour au travail	N/A	3.6%	20.9%
<b>Total*</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Client Data Set

\*Rounding may result in totals not equating to 100%

### 4. Other Employment Benefits, Support Measures, and Pan-Canadian<sup>8</sup> Activities

Other EBSM and pan-Canadian activities made up the remaining interventions. These included interventions delivered under Aboriginal Human Resources Development Agreements as well as interventions delivered under Fisheries Restructuring and Adjustment Measures.

## II. EBSM EXPENDITURES

There was little change in overall spending on EBSM delivery in 1999/00, while there were shifts in the amounts spent on various types of interventions (please refer to Annexes 3.5 through 3.7). Such shifts in spending



correspond to the shifts in the mix of programming being delivered that were described in the previous section.

The total spent on EBSMs was \$2.5B. In 1999/00, \$2.1B was spent on EBSM Part II. Of this amount, \$1.9B was spent on active measures under transferred and co-managed agreements and in Ontario.

Approximately \$197M was spent on pan-Canadian labour market activities administered by the Government of Canada. This included some activities that were administered through the Aboriginal Human Resources Development Strategy<sup>9</sup> and activities in support of youth employment and Fisheries Restructuring and Adjustment Measures. About \$413M was spent on Part I income support for EI claimants who participated in Part II Employment Benefits.

The \$2.5B spent on EBSM Part I and Part II in 1999/00 is approximately the same amount that was spent in 1998/99. The amount spent on Part I income support for 1999/00 represents a decline of \$78M (-15.8%) from 1998/99. This may be attributed to the decline in claims noted in Chapter 2 of this report.

Long-term interventions account for a smaller share of total interventions delivered than do short-term. However, as indicated in Table 5, long-term interventions account for a larger share of total EBSM expenditures, since they tend to be more expensive to deliver. Long-term interventions accounted for 64.4% of total EBSM expenditures. This percentage has shown a steady decline as long-term interventions have represented a steadily smaller share of total interventions delivered each year.

**Table 5**

## EBSM Expenditures by Intervention (\$000)

Interventions	UIDU** 1995/96	EBSM 1997/98	EBSM 1998/99	EBSM 1999/00
	Income Support/UI Chargeback	Part I and Part II	Part I and Part II	Part I and Part II
Long-term Interventions	1,704,574 (92.5%)	1,564,805 (78.2%)	1,679,255 (67.0%)	1,602,909 (64.4%)
Short-term Interventions	80,669 (4.4%)	237,932 (11.9%)	310,528 (12.4%)	370,818 (14.9%)
Other (includes pan-Canadian)	57,460 (3.1%)	197,573* (9.9%)	516,362 (20.6%)	514,019 (20.7%)
<b>Total</b>	<b>1,842,703 (100%)</b>	<b>2,000,310 (100.0%)</b>	<b>2,506,145 (100.0%)</b>	<b>2,487,746 (100%)</b>

Source: Client Data Set and the Corporate Management System

\*Does not include \$20.2M LMDA capacity costs nor \$52.6M National pan-Canadian costs.

\*\*UIDU is presented for information purposes only. Data is not comparable to other years.

Short-term interventions accounted for 14.9% of total expenditures in 1999/00. This is a slight increase over that reported for 1998/99. The continued increase in expenditures on short-term interventions is mostly due to increased expenditures on EAS.

No expenditures were recorded against either Employment Group Services or Individual Counselling since these are mostly salary items that are recorded under departmental and provincial/territorial operating budgets.<sup>10</sup> As a result, expenditures for short-term interventions are somewhat understated.

The remaining 20.7% of total expenditures, under "Other" was spent on Research and Innovation (\$17.0M), Labour Market Partnerships (\$204.7M), Labour Market Agreement Administration (\$94.8M) and pan-Canadian activities (\$1.1M in EI Part I and \$197.1M in EI Part II). Most of these activities do not involve clients.

<sup>9</sup> EI Part II dollars represent approximately 25% of the total expenditures for this initiative. The remaining 75% comes from the Consolidated Revenue Fund.

<sup>10</sup> Since some Group Services and Individual Counselling are not funded through Part II, they are not EBSMs. However, for purposes of comparison with EAS they are considered in this chapter.

Much of the change in 1999/00 expenditure data reflects adjustments made in the mix of programming being delivered in each province and territory, as those responsible for delivery try to balance client needs with the goals of the *EI Act* and the changing requirements of the local labour market.

### 1. Cost per Intervention

For 1999/00 the average cost per intervention increased by \$1,139 from \$6,320 in 1998/99 to \$7,459.<sup>11</sup> As in previous reports, average cost per intervention has been calculated in terms of both Part I and Part II expenditures for long-term interventions only. Short-term interventions and non-client based support measures such as Labour Market Partnerships were excluded from these calculations (please refer to Annex 3.8).

Average cost per intervention decreased in Nova Scotia, Manitoba, Saskatchewan, and British Columbia. The average cost per intervention increased in the remaining jurisdictions. The average cost for Alberta increased in 1999/00, partly as a result of the inclusion of Training Purchases and Skills Development in the 1999/00 data for Alberta.<sup>12</sup>

Comparing average costs across jurisdictions presents a challenge in an asymmetrical service delivery environment. Delivery of an intervention in one jurisdiction may be less expensive than delivery of the same intervention in another jurisdiction, depending on the method of delivery. Costs can also vary from year to year as a result of factors such as

labour market conditions, wage levels or fluctuations in administrative costs.

Among long-term interventions, the highest average cost associated with an intervention was \$12,195 for Self-Employment, up 3.6% from 1998/99.<sup>13</sup> The lowest average cost for an intervention was \$5,559 for Targeted Wage Subsidies (TWS), which increased 27.7% from \$4,352 in 1998/99. The increase in TWS may be due to variations in the amount and duration of the subsidy. This in turn can be affected by the labour market conditions that clients face.

The average cost of Skills Development should be noted. At an average cost of \$7,189 per intervention, the average cost of Skills Development is slightly lower than the overall average cost of Employment Benefits. More was spent on Skills Development interventions in 1999/00 than on any other intervention. Skills Development accounted for approximately 40% of total spending in 1999/00.

## III. RESULTS

The results in any one jurisdiction must be assessed in terms of the changing mix of programs and services offered to clients, the needs of the client population, and labour market characteristics. For some types of interventions, expenditures in one year do not produce results until the following year; therefore, current year results may not be directly related to current year expenditures.

In 1999/00 HRDC began a consultation process with the provinces and territories to further its work on a method of measurement to determine the longer term impacts of Part II

<sup>11</sup> Average cost calculations are at best a rough estimate given the possibility of carry-over. For example, in some instances expenditures for an intervention may cover two fiscal years while a client is only counted in the year they started their intervention. This acts to raise the cost per intervention in the subsequent year. Provincial methods of delivery may also involve fixed costs, which may cause fluctuations from one year to the next.

<sup>12</sup> In the case of Alberta, calculations were not carried out in 1998/99 for Training Purchases or Skills Development (formerly Skills Loans and Grants).

<sup>13</sup> Training Purchases and Project-Based Training data have been excluded from this analysis on the basis that it was phased out as of June 30, 1999. Future evaluations will provide information on the effectiveness of the Skills Development model of training.

programs and services. Presently HRDC reports on its key indicators (please refer to Annex 3.9) and secondary indicators, such as, the number of interventions (please refer to Annex 3.4). These may not be indicative of the longer term results achieved through the EBSMs.

### **1. Returns to Work<sup>14</sup> and Unpaid Benefits<sup>15</sup>**

For 1999/00, a total of 293,270 EBSM clients returned to work (please refer to Annex 3.9). This was an increase of 26,162 clients (9.8%) over 1998/99. The resulting unpaid benefits for 1999/00 were \$938.5M, a 2.3% increase over the previous year.

#### **Employment Group Services (EGS)**

Results recorded for EGS include only active claimants who participated in a group session where the content was geared toward getting claimants back to work quickly. Results indicate that returns to work for EGS declined 13,788 or 18.4% from 1998/99. EGS accounted for 20.8% of all returns to work in 1999/00, compared to 28.0% in 1998/99. Returns to work from EGS resulted in unpaid benefits of \$335.4M (35.7% of total unpaid benefits) in 1999/00 as compared to \$432.5M (47.1% of total unpaid benefits) in 1998/99.

The decline in the use of EGS interventions accounts for most of the decrease in EGS unpaid benefits, though a decline in the average unpaid benefit per client also played a role. Average unpaid benefits from EGS declined from \$5,780 in 1998/99 to \$5,495 in 1999/00. The decline in EGS unpaid benefits was offset by increases in other programs.

The decrease in EGS returns to work may be the result of closer attention to the type of EGS

that are tracked for results. Some jurisdictions discontinued the tracking of some types of information sessions on the basis that results were not attributable to employability assisted services.

#### **Apprentices<sup>16</sup>**

Returns to work attributable to apprentices increased 22.6% over 1998/99. Apprentices represented 9.0% of all returns to work in 1999/00 as compared to 8.0% in 1998/99. Unpaid benefits attributed to apprentices reached \$171.6M in 1999/00, compared to \$166.0M for 1998/99. The percentage of unpaid benefits accounted for by apprentices was relatively unchanged at 18.3% compared to 18.1% in 1998/99. (please see Annex 3.9)

#### **Aboriginal Human Resources Development Strategy**

The Aboriginal Human Resources Development Strategy (AHRDS) administered EBSMs that resulted in the return to work of 4,286 Aboriginal clients. This represents an increase of 1,606 (60.0%) over 1998/99. Unpaid benefits also rose substantially (41.0%) from \$5.5M in 1998/99 to \$7.7M in 1999/00.

The increase in Aboriginal peoples returning to work and the resulting increase in unpaid benefits are attributable to an improved understanding of AHRDS programming and service delivery. As well, HRDC has refined its method of data capture. Aboriginal organizations have also contributed to this increase by improving their data input practices.

### **2. Participation of Members of Designated Groups**

HRDC provides information on the participation in employment programs and services of the four designated groups -

<sup>14</sup> Returns to work is a success indicator that refers to the number of insured participants (including current and former Part I claimants) who are working in paid employment and have received support through active programs.

<sup>15</sup> Unpaid benefits is a success indicator that refers to the amount of unpaid Part I benefits to EI claimants, based on the difference between the maximum entitlement to regular income benefits and the actual payout in such benefits.

<sup>16</sup> Apprentices refer to individuals who go through a combination of on-the-job and classroom training for occupations that have been identified by provinces as trades for apprenticeship.



women, persons with disabilities, Aboriginal peoples, and visible minorities (please refer to Annexes 3.10 through 3.13). This practice will continue as part of the reporting on LMDAs. Information on designated groups is dependent on voluntary self-identification. As a result, some year-to-year differences may be due to differing levels of self-identification rather than actual changes in designated group participation. While progress has been made, incomplete data capture also continues to contribute to the problem of under reporting on designated group participation in 1999/00.

### ***Women***

Women participated in 44.2% of all interventions delivered in 1999/00, a slight increase from 1998/99. While this percentage is representative of women's proportion of the unemployed in Canada, their representation is notably different in long-term versus short-term interventions (please refer to Annex 3.10).

Of all short-term interventions delivered in 1999/00, women participated in 47.9%, up 1.6 percentage points from the previous year. This increase was mostly due to higher female participation in Group Services interventions. Women were less likely to be participants in long-term interventions, making up 38.5% of the participants in long-term interventions in 1999/00.

### ***Persons with Disabilities***

Persons with disabilities received more employment programs and services in 1999/00 than in the previous year. Persons with disabilities received 2.0% of all interventions delivered in 1999/00, up from 1.6% the previous year. Data from the province of Quebec have been excluded, as data could not be reconciled in time for inclusion in this report. However, estimates suggest that the participation of persons with disabilities in Quebec is similar to the 1.2% reported in 1998/99.

### ***Aboriginal Peoples***

The representation of Aboriginal peoples in EBSMs is unchanged from the 4.3% reported in 1998/99. Job Creation Partnerships (JCP) recorded the highest participation rate for Aboriginal peoples at 7.4% (please refer to Annex 3.12). The higher incidence of Aboriginal peoples in JCP as compared to other programs reflects the fact that many Aboriginal peoples live in rural areas where relatively fewer job opportunities make JCP a more often-used intervention.

### ***Members of Visible Minorities***

Members of visible minorities participated in 3.8% of the interventions delivered in 1999/00. This represents an increased proportion from 3.0% in 1998/99. Most of this increase reflects increased participation in short-term interventions. The largest increase occurred in Employment Assistance Services, for which the representation of visible minorities increased by 1.5 percentage points (please see Annex 3.13).

### ***Data Capture Issues***

In 1999/00, as in previous years, data for designated groups is difficult to interpret. Progress has been made with respect to data capture but further work is required. As a result, one must be cautious in basing decisions on data related to the EBSM participation of members of designated groups. We will continue to monitor and assess the situation in our effort to ensure fair representation of designated groups in EBSMs.

## ***3. Audits***

Through audits carried out by the Auditor General of Canada and HRDC's own Internal Audit Bureau, weaknesses in the administration of grants and contributions were noted. While the EI Part II Benefits and Measures were not part of these audits, the Department has introduced a six-point action plan, and other supporting initiatives, which are being applied in the jurisdictions where HRDC



delivers EBSMs, to ensure that the management of programs is of the highest order.

In all full transfer jurisdictions (please refer to Annex 3.1), provincial auditors certify financial statements for expenditures. The 1999/00 provincial audited statements are currently under review.

### **4. LMDA Implementation**

Given the extent of the transfers done under the LMDAs, several provinces and territories faced significant challenges inherent in such a large-scale initiative in implementing these agreements. For example, in Quebec, where the transfer of responsibilities was among the greatest, three complex service delivery networks had to be integrated. Similarly, in Saskatchewan a network of 20 offices had to be integrated. In the Northwest Territories difficulties have been experienced in receiving client data.

### **5. Evaluation Findings**

The *EI Act* calls for a review of the effectiveness and efficiency of the EBSMs to be included in the Monitoring and Assessment Report. The LMDAs also carry provisions for evaluations of their implementation and of the employment programs and services delivered under their auspices.<sup>17</sup> The following are the highlights of the formative evaluation findings to date:

#### **Harmonization of Programs and Services**

Most jurisdictions reported that, in general, there is still room to improve the co-ordination of programs. The consensus was that programs were mostly complementary. It was noted that although federal and provincial governments

continued to offer employment-related programs, there was no apparent overlap as the programs targeted either different clients or the same clients at different stages in the process of returning to work. Partnerships, joint structures, co-location, and community consultation were believed to increase efficiency.

#### **Local Flexibility**

Most jurisdictions report that EBSMs are sufficiently flexible to be adapted to local needs. In most jurisdictions EBSMs are viewed as broad in scope and flexible in interpretation, thereby allowing decisions to be tailored to the circumstances of the community.

Although local flexibility in the design and delivery was seen as an asset in most provinces, it was also seen by some as a drawback. For example, in some instances, it was believed that program administration would have benefited from more central planning. Another drawback of flexibility was, in some instances, a perceived loss of consistency. However, there was no evidence that these inconsistencies affected client eligibility. One of the guidelines of the *EI Act* is that EBSMs be flexible to allow for significant local-level decision-making about implementation. Overall, the flexibility to tailor programs and services to local needs appears to be one of the major successes of the LMDAs.

#### **Co-operation and Partnerships**

Despite some inevitable adjustments in work processes, LMDAs have contributed to growing partnerships between and within governments. This has demanded a large investment of time and energy from all involved. A strong willingness to work together and a common commitment to maintaining

<sup>17</sup> Formative evaluation findings from 11 jurisdictions are included: Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland/Labrador, Northwest Territories, Nova Scotia, Prince Edward Island, Ontario, Quebec, and the Yukon. Please note that the timing of each evaluation is determined by the date on which the LMDA was implemented. Availability of final reports is dependent on bilateral discussions between HRDC and provinces/territories. Full or preliminary evaluation data are now available from all jurisdictions with the exception of Saskatchewan and Nunavut. Nunavut signed an agreement in May of 2000 and Saskatchewan's evaluation is currently in progress. An LMDA between the Government of Ontario and the Government of Canada has not yet been concluded. As the *EI Act* calls for the monitoring and assessment of the EBSMs, a formative evaluation of the Ontario Region's EBSMs has been conducted and is reported here.

client service throughout the implementation process have characterized LMDAs. In some cases, co-operation was judged to have uncovered opportunities for improving efficiency and achieving economies of scale and has improved client service or a broader client reach.

### ***Official Language Issues***

LMDA implementation was examined to determine the level of access to services and levels of client satisfaction surrounding official languages. Full-transfer agreements contain commitments by the provinces and territories to ensure that programs and services will be delivered in both official languages where there is sufficient demand.

The evaluations to date suggest that the demands for service in either official language are being met. These findings apply to both English and French majority jurisdictions.

### ***Access to Programs and Services***

An important objective of the evaluations was to determine whether the programs and services delivered under the LMDAs are relevant to the needs of the individual client. Individuals knowledgeable on the delivery of the programs and focus group data suggest that EBSMs have been highly relevant to the needs of the EI client group, and that the majority of active EI claimants are being reached. Evaluations indicate that access is more difficult in rural or remote communities where distance and market size pose a challenge to service delivery.

Evaluations also suggested that Canadians whose first language is neither French nor English, or who have a low level of education, face significant barriers to EBSM participation.

The high level of access observed among the active EI client group presents only a partial picture of the level of EBSM access among the full population of clients served by local service

delivery offices. Evaluation results suggested that, because the *EI Act* specifically defines the client group to be served, many individuals who might benefit from an intervention are not eligible. Ineligible clients include both unemployed individuals with no work history or too few hours to qualify, and employed individuals who require upgrading or retraining to improve their employment situation. Interviewees with individuals knowledgeable on the delivery of the programs and stakeholders indicated that they wanted better options to aid these individuals or the means to refer them to other sources of assistance. Commentary on the provisions of the *EI Act* was outside the scope of the evaluations. However, it was an important message that was echoed in several of the evaluation reports. It is important to note that non-EI clients can access Employment Assistance Services, Individual Counselling or (in some provinces/territories) programs offered by the provinces/territories.

### ***Client Satisfaction with Programs and Services***

Most clients report a high level of satisfaction with the quality of service associated with the EBSMs. Over three-quarters of participants rated service as good or excellent, while only 1 in 10 expressed dissatisfaction. Clients tended to report satisfaction with the quality of training, and indicated that their interventions had provided them with specific job-related skills, bolstered their motivation and goal-setting ability, and left them better prepared for a new job. Fewer clients were satisfied with the level of income/wages during EBSMs and the outcomes they achieved in terms of employment and earnings (with roughly 60% to 70% of clients satisfied).

### ***Impact on Individuals***

Most evaluations measure incremental impacts. In general, Self-Employment and

Targeted Wage Subsidies had a positive incremental impact on both employment and earnings. Job Creation Partnerships also showed a positive incremental impact on employment. Training shows positive significant impacts on earnings in a few jurisdictions. In the short term, reliance on income support appeared not to have been significantly reduced through EBSM participation, except for Self-Employment participants who have reduced their reliance on EI. It should be noted that, although the aggregate impact of a specific EBSM may have been small, results for certain segments of the population may have been more important. For instance, in one province, participation in Employment Assistance Services had no overall impact on current employment but was found to have positive results for urban participants. Results for rural participants were less clear. More definitive results will be available from the summative evaluations when there will have been greater time lapsed to detect impacts, particularly for interventions for which the expected time horizon until employment tends to be longer. It was also found that EBSM participation had positive effects on client attitudes and their feelings of well-being.

### ***Impact on Communities/Employers***

Evaluation findings suggest that EBSMs have been perceived favourably and that community groups have been pleased with the LMDAs' emphasis on community capacity building and helping people get back to work. Evaluations suggest that EBSMs may have already had some impact on local employment. Examples include Labour Market Partnerships for which labour market research was used to match training to local needs; and initiatives, which often led participants to

subsequently hire others from the community to work in their newly established businesses.

### ***Monitoring and Accountability***

Information exchange is an area requiring further work. Data integrity and data capture systems continue to present a challenge given the complexities and incompatibilities when exchanging data between provinces/territories and HRDC.

In general, day-to-day reporting of management information was problematic (e.g., producing client and intervention activity reports). In some cases, local software was incapable of producing daily reports, and reports on results produced by National Headquarters were not sufficiently timely. Evaluations suggested that there is a need to clarify definitions and the use of results measures to obtain more detailed data, to enhance the connectivity between systems, and to improve the timeliness and accuracy of data entry and reporting. HRDC and provinces/territories are working together to manage and resolve these issues.





## **Chapter 4 – Program Administration**

This chapter assesses changes made in the financing structure of Employment Insurance (EI) and reports on efforts to provide high quality services to Canadians.

### **I. FINANCING STRUCTURE**

#### **1. First Dollar Coverage**

In 1997, EI reform brought in a new method for calculating premiums. Under the new structure, employers and employees pay premiums on all earnings from the first dollar onward, up to an annual maximum of \$39,000. This system is considered more equitable and also easier for employers to administer than the previous one, which used a weekly minimum and maximum for calculating insurable earnings.

The removal of the weekly minimum as a criterion for eligibility also had the effect of bringing workers with low incomes into the system. As reported in the 1999 Monitoring and Assessment Report, the extension of coverage to those working less than 15 hours resulted in a small 1% increase in contributions to the EI Account, but a larger (2.3%) benefits pay-out per job separation.

Another way of assessing whether first dollar coverage has been effective in improving coverage for workers with low incomes is to look at the number of beneficiaries receiving \$50 or less in benefits, corresponding to annual revenue of less than \$5,000. The number of beneficiaries in this category has more than doubled between 1996/97 and 1997/98.

Furthermore, the use of annual maximum insurable earnings as opposed to weekly maximums equalized the contributions of workers with similar annual earnings but

different work patterns (e.g., seasonal workers). Under the system of first dollar coverage these individuals have to contribute on every dollar earned up to an annual maximum of \$39,000. The proportion of contributors with \$39,000 of insured earnings to all contributors increased from 16% in 1996 to 24% in 1997 to 25% in 1998. While a portion of the substantial increase between 1996 and 1997 is attributable to the strong economic growth and wage increases (average wage earnings increased by 2% between 1996 and 1997), the greater part is due to first dollar coverage. The industrial sectors that have recorded the largest increases in the proportion of contributors at the maximum insurable earnings were construction, manufacturing and transportation and storage. Economic growth was the main factor for the increase between 1997 and 1998.

#### **2. Premium Refunds**

In order to reduce the impact that first dollar coverage would have on low-income earners, individuals with \$2,000 or less of insured earnings have their premiums refunded under the EI program.

In 1998, over 1.2 million individuals were eligible to receive the refund, an increase of 8.9% from 1997. However, approximately 31% of these individuals did not file a personal income tax return and consequently did not have their premiums reimbursed. As a result, 838,620 individuals received a premium refund in 1998, 21% more than in 1997. These individuals were refunded nearly \$23 million, an increase of 17% from 1997. Of those receiving the refund, 58% were women; 45% were under the age of 25; and another 35% were between the ages of 25 and 44.

The service-producing sector accounted for 75% of premium refunds. Retail trade, accommodation, food and beverage services, and other service industries, typically composed of part-time earners, accounted for 48% of the refunds.

### **3. New Hires and Youth Hires Programs**

The New Hires Program was a two-year program that provided transitional relief to small firms facing an increase in EI premiums in 1997 and 1998. Under the program, small businesses with employer premiums up to \$60,000 in 1996 could be eligible to receive up to \$10,000 of assistance in each of the two years. Firms could receive a 100% refund in 1997 and 25% in 1998, on any increase in premiums above \$250 from the amount they contributed in 1996. Firms expected to benefit from the program included those that hired new employees and those with part-time employees who paid EI premiums for the first time as a result of moving to first dollar coverage.

Under the New Hires Program, eligible firms have up to three years to claim their refunds. For this reason, the monitoring process is ongoing and the information concerning 1997 and 1998 refunds will not be final until 2000 and 2001, respectively. The 1997 tax files indicate that for the first year of the program approximately \$275 million in EI premiums was refunded to 173,000 employers. It is estimated that approximately 336,000 employers are eligible for a premium refund, and that the number of applications could rise to between 180,000 and 200,000 - a possible take-up rate of close to 60%. While the projected take-up rate has improved from around 50% in the last reporting year, there are still improvements to be made in

increasing awareness of the program. The 1998 tax files indicate that for the second year of the program approximately \$94 million in EI premiums was refunded to some 150,000 employers. The cost in the second year was originally expected to be \$115 million, but this is again subject to employers submitting claims within three years.

In 1999, a new program entitled Federal Youth Hires began.<sup>1</sup> It provides EI premium relief for employers who expanded their youth payroll in 1999 and 2000. All employers (not just small businesses), who expand the employment of youth aged 18 to 24 years old are now entitled to receive some premium relief. Under the program, the total EI premiums employers pay for youth will be no more than they paid in 1998. There will be no maximum premium relief amount.

Anticipated refunds under this program were estimated at \$100 million for each year, but once again the exact amount will depend on the number of young people actually employed by firms and on their earnings. The preliminary 1999 tax files now indicate that for the first year of the Federal Youth Hires program, approximately \$155 million was refunded to 269,000 employers. Strong employment gains noted for youth in Chapter 1 were a factor in the larger than expected refunds. In addition, a decision was made to adopt a more proactive approach to ensure that all eligible employers would quickly receive the refunds to which they were eligible rather than wait for their applications.

<sup>1</sup> All employers are eligible to participate in this program. Information regarding the program is available at Canada Customs and Revenue Agency offices and on the Internet at <http://www.ccr-a-adrc.gc.ca> (Forms and Publications).

### II. QUALITY SERVICE INITIATIVES

#### Key Facts

- About 1.7 million new and 0.9 million renewed claims annually (see Chapter 2 for details)
- 96.7% of claims in pay within 28 days
- Over 100 points of service
- Approximately 70% of claimants file their claims at EI kiosks
- About 45% of claimants are on direct deposit, eliminating over 2 million pieces of mail per year
- Working in partnership with outside organizations to address issues such as the error rate and Record of Employment (ROE) online
- The Automated Voice Recognition System (AVRES) answers around 30 million calls per year and EI Telephone Centres handle over 7 million calls

#### 1. Balancing Speed of Service and Quality

In the continuing effort to improve the administration of the EI program and provide better service to clients, a review of the existing performance measurement system was undertaken over the course of the 1999/00 fiscal year. Current key performance measures, such as the speed of payment of benefits, the speed of scheduling of Board of Referees appeal hearings and savings generated from control activities, already provide a focus for staff and managers in the delivery of the program. A broader, more balanced performance measurement system would encourage a focus on clients as well as financial, operational and internal

organizational issues that are equally important in the administration and delivery of the EI program.

Work on the development of a "balanced scorecard" approach to performance measurement - that is, an appropriate balance between speed of service and quality of service - has begun. Efforts will continue over the course of fiscal year 2000/01 to better specify the necessary measures and ensure that an overall scorecard for the EI program can be developed.

#### 2. Employment Insurance Quality Management Initiative

To address the issue of the quality of decision making and to address the EI error rate and the overall service quality at the local level, HRDC put in place the Employment Insurance Quality Management Initiative in the fall of 1999. The main goal of the initiative is to implement a framework for continuous improvement of the quality of all Insurance service delivery. This was solidified through a national Quality Management Policy issued on March 31, 2000.

In addition, a National Insurance Quality Management Committee was formed, comprised of members from national headquarters and each of the regions, which meets regularly. Each region developed and implemented an action plan to redress situations where improvement was required. Staff involved in the delivery of services has been involved in this process and has provided feedback leading to improvements.

Each region provides quarterly reports to national headquarters detailing actions taken to improve services. A national workshop for regional quality coordinators was held at the end of November 2000 to review and update the Quality Management Policy.



### **3. Administrative Simplicity for Employers**

As stated in the 1999 Monitoring and Assessment Report, a survey was conducted with employers in March 1999 to determine their satisfaction with the revised Record of Employment (ROE) form. The survey confirmed that the completion process was simpler and easier, less time-consuming, and less costly than its predecessor. It is also much simpler to store the data required for the ROE.

To determine the value of these savings, another employer study was conducted in the fall of 1999. This study indicated that the changes resulted in \$32.3 million (40%) savings in administrative costs over those expressed in 1993/94, the last time the costs of administering the ROE were quantified. The survey concluded that the time required to complete and issue an ROE was reduced by more than half since 1994, but that the entire savings in required time did not result from a simpler process. From the employers' perspective, the timesaving is in part due to the changes introduced as part of EI reform, especially the shift to counting all hours of work. As well, employers are experiencing a significant reduction in the number of follow-up calls from HRDC claims-processing staff and 46.8% less post-audit inquiries, resulting in 28.7% less ROEs needing to be re-issued.

### **4. EI Internet Development**

As an active participant in the Government Online initiative, HRDC has moved forward in two key areas: online EI information and EI Technology Pathfinder projects.

Online EI information is being restructured using a client-centred approach. Information will include EI program features as well as information on EI services (and what clients can expect in terms of service), access to key

legal and regulatory documentation, related jurisprudence, and basic e-mail support to client inquiries.

EI Technology Pathfinder projects will provide all Government programs with valuable findings in terms of developing e-government services for clients and businesses. Appli-web - an online facility for clients to submit an application for EI benefits - will be expanded to include full online capability for conducting all associated transactions for end-to-end payment processing and direct deposit to financial institutions. The second pathfinder project, ROE-web, involves establishing a secure channel for transmitting data from employers to government, greatly reducing administration costs for all parties while improving the reliability of data, and as a result reducing the incidence of incorrect pay-out from the EI account.

### **5. The Plain Language Project**

The Plain Language Project was conceived during EI reform and began with a partnership with the Department of Justice forged in early 1997. Its purpose is to simplify the *EI Act* so it is user-friendlier to clients, and advocates representing claimants and the general public. An advisory group has been formed with the assistance of the Commissioners for Workers and Employers to include our social partners from the private sector and government, thereby ensuring a broad consensus on the development of the project.

Several essential design elements of the project have already been completed, including the design of a structure for the Act; the development of a navigation template; and the development of templates for drafting. Seventy-five percent of the drafting for the first module (EI Benefits) is also complete, and there has been readability testing in co-operation with the University of Ottawa.



A workplan of activities has been developed around four main activities: drafting of the legislation, awareness, consultation regarding plain language techniques, and parliamentary procedure. Consultations on these issues are planned with several interested parties such as Parliament, users-claimants, HRDC, Justice, and international experts on plain language. It is anticipated that the EI Bill will be ready, possibly in the fall of 2002. The resultant product could serve as a prototype for future legislative drafting in Canada.

### **6. Telephone Services**

General inquiries and payment details are answered using the EI automated voice response applications. Claimants can also access expert service for complex inquiries, claim renewal and non-discretionary decisions from 11 Telecentre sites across Canada. In addition to local and long distance telephone access, an evaluation of the impact of e-mail service by Telecentres began in the fall of 1999. The evaluation continued in 2000, involving the Quebec Telecentres as a pilot project. The results of the evaluation will determine required system development, workflow, as well as standards and best practices needed for future national implementation.

Subsequent to the national implementation of Teledec (telephone declaration) and Direct Deposit in 1999, additional process improvements were introduced at a lead site. These improvements allowed the timeline to deposit payments to be reduced from three business days to two business days after completion of a successful Teledec report. Focus testing of Teledec and Direct Deposit with users and non-users was also conducted in 1999. Users of the service found it to be easy, convenient and timesaving over the traditional paper process. The results also indicated that, in order to encourage non-users to use the services, there is a need to continue to increase

awareness of the Teledec and Direct Deposit services. Insights from the focus tests have helped to form the system and communication improvements that were the basis of our work in 2000.

### **7. Staff Training**

Training for the 8,000 dedicated EI claims processing staff and 1,100 workers at the EI Telecentres received a high priority in 1999/00.

Thirty-one of the 34 general training modules were completed and made available to staff on the Intranet, and 8 of these are available in both classroom and computer-based methodologies. There are also eight computer-based training (CBT) modules available. Two new CBTs are being developed and three others are being redesigned. In addition, three job aids are also available (electronic fact-finding guide, electronic computer reference guide and paper Disqualification/Disentitlement guide).

The *Fundamentals of Insurance Leadership* course (for Insurance team leaders/managers) was also rolled out in the fall of 1999, and has been delivered by each region. The course focuses on technical knowledge for one week, and on skills/coaching for commitment and leadership styles for the other week. A writing skills course has also been developed for Insurance staff, and 13 learning tools have been instituted for regional consultants.

### **8. Social Insurance Number**

The *EI Act* provides for the administration of the Social Insurance Number (SIN). The Government of Canada is taking action to improve the management of the SIN, to prevent and deter fraud. The Government of Canada is aware of the importance of privacy to Canadians and is taking action to protect it.

The new *Personal Information Protection and Electronic Documents Act* will help safeguard the privacy of Canadians and will guide the use of the SIN, both in the public and the private sectors. A public awareness campaign commenced in the fall of 2000, in order to inform Canadians on the proper uses of their SIN.

Acting on the Auditor General's 1998 report concerning the management of the SIN, HRDC has responded by: annotating (flagging) the accounts of 5.4 million SINs that have not been used in the last five years; reducing the count of purported living SIN holders over the age of 100 by 308,000; creating a SIN investigation unit which will monitor SIN investigations nationally; and tabling the final SIN working group report. Implementation plans were being developed and recommended improvements commenced in the fall of 2000.

The SIN Teleapp pilot project was run in 1999, allowing New Brunswick residents to apply for a SIN number over the telephone. The project was deemed a tremendous success and the service is now offered to New Brunswick residents as a regular option when applying for a SIN. A national rollout of the program is being considered.

### **9. Public Liaison Officer**

Public Liaison Officers (PLOs) play an important role in providing quality service to Canadians by putting a human face on the EI program. The PLOs represent the EI program in the community, through contacts with employers and claimants, as well as the media. Many PLOs appear on radio and television programs to explain the program, and several have regular columns in local newspapers.

PLOs also have significant responsibilities for serving clients at the local Human Resources Centres. Clients with the most difficult problems are sent to the PLOs for detailed

explanations of decisions, or referred to other agencies that may help with a particular problem. It is also part of their role to monitor how the office provides service and suggest improvements.

### **10. Group Information Sessions**

The overall objectives of the national Group Information Sessions (GIS) activities are to provide the highest quality service to clients, help people return to work as quickly as possible and reduce dependency on the EI program. In the shift from detection to prevention, increased emphasis has been placed on communicating HRDC's messages to clients in person. Clients, in groups of varying sizes, are directed to attend a session, preferably in the early stages of their EI claim (e.g., in the first few weeks.) Information is provided to them on the programs and services available to assist them in becoming re-employed, as well as their rights and obligations under EI. This seeks to help them better understand the program so that they are more likely to make informed decisions. Ideally, the sessions involve staff from across HRDC.

While the main goal of GIS is communicating with clients, failure to attend can also lead to loss of benefits. For instance, a person may have started back to work and not told us, may be out of the country, or not willing to actively look for work. In 1999/00, this led to savings to EI in the amount of \$146.6 million.

HRDC is providing frontline staff with comprehensive guidelines, policies and procedures to ensure that GIS implementation is fair and consistent across the country. An automated data capturing system that will gather, track and report on GIS continues to be developed.

### **11. Investigation & Control Savings**

Even though the vast majority of employers and claimants who participate in the EI program are honest, protecting the integrity of the EI Account requires that HRDC take steps to detect and prevent fraud. In the majority of cases the failure to report income is unintentional and results in the assessment of an overpayment.

Prevention continued to be a focus for Investigation and Control (I&C) as it reduces inappropriate payments and lessens the financial hardship for claimants. In 1999/00, I&C activities resulted in \$573 million in total savings to the EI account, representing a saving of \$10 for every dollar spent on I&C activities. Savings were comprised of overpayments (\$190.4 million), administrative penalties (\$95.5 million), and the value of benefits not paid out (\$287.2 million).

The reduction in total savings to \$573 million from \$703 million the previous fiscal year was due in part to the shift to preventative activities, and the suspension of the Customs data match program due to a legal challenge (approximately \$70 million).

### **12. Undeclared Earnings**

In mid-December 1999, the Canada Employment Insurance Commission adopted a new regulation to eliminate the practice of assigning undeclared earnings into a calendar week where the claimant did not work and had no earnings. As intended, it allows earnings to be accurately applied to and deducted from benefits in respect of the precise period during which they were earned.

Regions have reported their general satisfaction with the new Undeclared Earnings policy. It is resulting in fewer overpayments for claimants than was previously the case. A complete monitoring process of the new provisions on undeclared earnings was undertaken during the fall of 2000, and could lead to further refinements. The study will identify problems related to the administration of the new regulation and policy, and ensure that the intended effects have been attained.

### **13. EI Economic Regions**

Under the EI program, specific entrance requirements and benefit entitlements depend on the unemployment rate in the applicable economic regions, which are established under the legislation. The EI Regulations require that the boundaries of EI regions be reviewed at least every five years. The last revision took place in 1996, and before then, in 1990. During 1999/00 the Department carried out its five-year review of the EI economic regions. It was planned to adopt the resultant regulations in the fall of 2000.





## Chapter 5 – Impacts

In this chapter we bring together the analysis of each of the preceding chapters and briefly discuss Employment Insurance (EI) and the labour market and the impacts of EI on individuals and communities. Employment Benefits and Support Measures (EBSMs) and the degree to which savings are being achieved are also discussed.

### I. OVERVIEW

Throughout this report the strong performance of the Canadian economy and labour market during 1999/00 has been noted. During the reporting period the economy generated more job growth than in any fiscal year since 1987/88. The strong growth led to 107,000 fewer unemployed Canadians and a decline in new regular claims of about 127,000 or 8.5%. Employment growth was also positive in all provinces and declines in new regular claims were noted in each instance (please refer to Table 1). Overall, results indicate that the strong economy should be seen as the key factor behind the decreased reliance on the program over the period.

The strong labour market and resulting decline in regular claims also meant that about 4% fewer people participated in EBSMs during 1999/00. The slower rate of decline in EBSMs in comparison to regular benefits can be linked to increasing participation of clients who received services but not income benefits. While active claimants (those who receive services and income benefits) continue to represent nearly two-thirds of all EBSM clients, results indicate that participation by this group fell 8.4%, reflecting the drop in regular claimants. The number of former claimants also decreased by 1.3%, while the number of non-

insured clients increased by 9.6%.<sup>1</sup> There are indications that strong labour market performance over the period may have enabled a focus on individuals who remained unemployed for an extended period of time.

### II. EI AND INDIVIDUALS

#### 1. Supporting Working Individuals and Their Families

Even with the strong economy, EI remains an important program to working Canadians and their families. Not all communities share equally in the prosperity and several parts of Canada continue to experience unemployment rates in excess of 10%. Results indicate that Canadians filed about 1.4 million new regular claims during the period and about half a million people accessed EI funded active measures to help them return to work. These

**Table 1**  
**Employment Growth and Regular Claims**

Province/Territory	Employment Growth 1998/99 - 1999/00	% Change in new regular claims 1998/99 - 1999/00
Newfoundland	+5.1%	-3.9%
Prince Edward Island	+3.5%	-6.4%
Nova Scotia	+3.0%	-1.6%
New Brunswick	+2.2%	-4.2%
Quebec	+2.4%	-3.2%
Ontario	+3.6%	-13.0%
Manitoba	+1.5%	-7.8%
Saskatchewan	+1.6%	-10.9%
Alberta	+2.4%	-18.6%
British Columbia	+1.9%	-13.7%
Northwest Territories	N/A	-2.4%
Yukon	N/A	-8.3%
<b>Canada</b>	<b>+2.8%</b>	<b>-8.5%</b>

Employment growth figures are taken from the Labour Force Survey, which does not cover the Northwest Territories or the Yukon.

<sup>1</sup> Non-insured clients are only eligible for Support Measures, which are short-term interventions.

results are important because they confirm that despite a strong economy, many Canadians still need to access EI for support in making transitions back into the labour market and between jobs.

It is also worth noting that past experience suggests economic growth and reliance on the program are cyclical in nature. When growth recedes and unemployment rises, Canadians turn to EI for support through less prosperous times. Analysis on coverage presented in Chapter 2 is particularly instructive here. It indicates that 88% of Canadians in paid employment would be able to access EI if they lost their jobs. In 1999, there were 12.07 million working Canadians in paid employment.

EI also plays an important role in supporting working Canadians in their efforts to balance their labour market responsibilities and the need to maintain their own well-being and that of their families. During the reporting period, Canadians filed 401,410 claims for special benefits (sickness, maternity or parental benefits). This represents an increase of 3.1% over 1998/99. While it is clear that growth in maternity and parental claims are driven by demographic factors such as birth and adoption rates, the analysis of sickness claims uncovered important linkages with economic growth. When growth is stronger, the number of sickness claims tends to rise. Overall though, the slight shift toward special benefits observed during the past few reporting periods is to be expected in a period of rapid employment growth and lower unemployment, as fewer people need to access regular benefits.

It is also important to note that the Family Supplement continues to provide higher levels of benefits to claimants in low-income families with dependent children than would have been the case under UI. In Chapter 2, we noted that about 11% of all EI claims received

higher weekly benefits through the Family Supplement and that payments increased 10% to \$161.2 million. Average weekly top-ups to EI benefits increased to \$43 in 1999/00, up from the \$14 extra paid under UI.

## ***2. Exhaustion of Benefits and Income Adequacy***

Concerns were raised during EI reform that changes reducing the length of entitlement could result in higher numbers of individuals exhausting their benefits, thereby causing them to turn to social assistance. Analysis presented in Chapter 2 indicates that claimants use less than two-thirds of their entitlement on average and that they are less likely than before EI to exhaust their benefits and turn to social assistance. Results also show a decline in the number of seasonal workers who exhaust their claim before the new "season" begins ("gappers"). Analysis presented later in this chapter on community adjustment shows that the average proportion of entitlement used by claimants before returning to work rarely exceeds 70%, even in high unemployment communities.

Concerns have also been raised about whether EI benefits are adequate. Research confirms previously published results that only a small proportion (about 12%) of those who became unemployed experienced a drop in household consumer spending one year later. While these results are encouraging, it is important to recall that there has been very strong economic growth in the period following the implementation of EI reform.

## ***3. Men and Women***

In previous reports it was emphasized that the different labour market patterns of men and women influence their participation in EI. This year is no different. Regular EI claims by men fell by 11.0% in 1999/00 compared to a drop of 4.7% for women. In the previous two reports,

women's claims had been dropping more quickly than men's claims. This was partly attributed to the lower likelihood of women being employed in seasonal industries and to higher growth in industries such as health and education where they tend to be highly represented. Over this reporting period a steeper decline in new claims for men than women was observed, which was traced to the decline in claims for industries where they tend to be highly represented such as manufacturing and construction. For example, men's regular claims dropped by 13.0% in manufacturing and by 9.0% in construction.

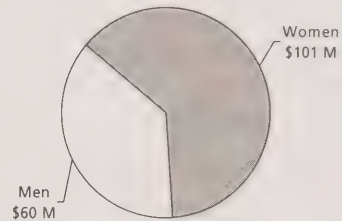
The higher eligibility requirements for new entrants and re-entrants also continue to have an impact on women because they are more likely than men to move in and out of the labour market and more likely to have not worked in the past year. As a result, they are more likely than men to be subject to these provisions.

As in prior reporting periods, men continue to be more likely than women to be affected by the intensity rule because they are more likely than women to be employed in industries where workers make frequent use of EI. For example, about one-half of men's regular and fishing claims were affected by the intensity rule versus about one-third of women's claims. Men are also more likely than women to be affected by the benefit repayment provisions because they tend to have higher net incomes. Results indicate that more than two-thirds of claimants affected by the intensity rule were men and 87% of claimants affected by the clawback were men. The number of men affected by the clawback increased by 48.2% between 1997 and 1998 and the amount of benefits that men repaid increased by 86.3%. In comparison, women's claims affected by the clawback increased by 25.4% and the amount that they repaid was up 27.3%.

Some elements of EI that affect women include special benefits, the Family Supplement, the

small weeks pilot project and premium refunds. In Chapter 2, it was noted that three-quarters of all claimants of special benefits were women, and they accounted for 95% of claimants filing parental benefits claims by biological parents. Women also made up 60% of sickness claims. In addition, nearly two-thirds of Family Supplement payments were made to women, despite the fact that they accounted for less than half of all EI claims (refer to Chart 1). Women were also about twice as likely as men to file claims with small weeks.

**Chart 1:  
Family Supplement Paid**



Additionally, in Chapter 3, it was noted that women's participation in EBSMs increased slightly in 1999/00. They now participate in nearly half of all interventions. Their representation remained stable in long-term interventions and increased slightly in short-term interventions. Results presented in Chapter 4 indicate that 58% of those who received premium refunds were women.

#### **4. Youth**

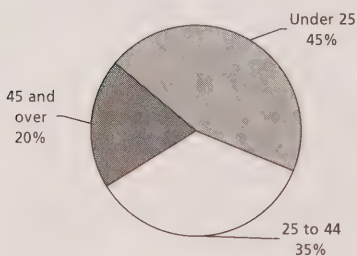
In Chapter 1, it was noted that employment growth for youth was concentrated in full-time positions in 1999/00. This is significant because prior to mid-1997, youth employment was declining and since 1997, most of the employment created for youth has been part time. As a result of their strong full-time employment growth during this reporting period, new regular claims by youth dropped by 9.4%.



An important element of EI that affects youth is the higher eligibility requirements for new entrants. These rules were designed to ensure that workers, especially young people, establish a more significant attachment to the labour force before collecting EI benefits. In earlier reports it was noted that this element of the program was working as expected. By raising the number of hours it takes for youth to qualify for regular benefits, the new entrants and re-entrants rules are encouraging stronger labour force attachment. As noted later in this chapter, EI also established higher earnings-based thresholds for new entrants and re-entrants to the fishery. Results for fishing benefits indicate that an important consequence of the relatively low earnings-based entry requirements is that new entrants and re-entrants to the fishery may be qualifying for benefits without difficulty.

In Chapter 4 some key features of EI financing that affect youth were highlighted, including premium refunds, the New Hires Program and the Federal Youth Hires Program. About \$23 million in premiums were refunded to over 800,000 low-income contributors in 1998. Nearly one-half of those receiving the refund were youth (refer to Chart 2). The New Hires Program was a two-year program that provided transitional relief to small firms facing an increase in EI premiums in 1997 and 1998. The 1998 tax files indicate that for the

**Chart 2:  
People who Received  
Premium Refunds**



second year of the program approximately \$94 million in EI premiums was refunded to some 150,000 employers. The Federal Youth Hires Program replaced this program in 1999 and is designed to provide relief of EI premiums to employers who expanded their youth payroll in 1999 and 2000.

## 5. Frequent Claimants

Analysis in this report indicates that the link between economic growth and frequent use of the program is not necessarily straightforward. As noted in Chapter 2, the share of benefits paid to frequent claimants has declined only slightly since the reform. Most of the recent decline in frequent claims can be traced to non-seasonal workers, whose claims fell by 18.4% over the reporting period versus 6.5% for seasonal workers. This result is significant because it suggests that the nature of seasonal work and the lack of other employment opportunities in the "off-season" means workers may continue to use the program even in a period of strong growth. It is also important to note that strong employment growth in seasonal industries, such as that noted in the construction industry during this reporting period, could eventually lead to more claims as growth slows down. However, results for frequent claimants suggest that providing passive income support through EI may not necessarily be a sufficient response to issues faced by seasonal workers. There is also a need to build community capacity and stimulate local economies to provide sustainable alternatives to seasonal work.

## 6. Fishers

As a proportion of total claims and benefits, both fishing claims (1.5%) and fishing benefits paid (2.3%) represent a relatively small part of the program. However, it is clear that EI plays a fundamental role in supporting the fishing industry and the communities that depend on

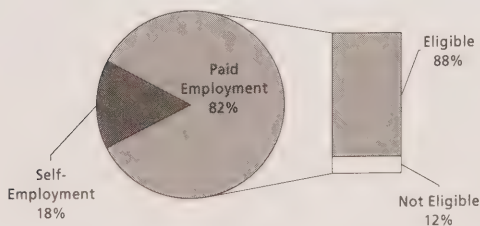


it. As mentioned in earlier reports, we have noted that changes in fishing benefits are tied to changes in the value of resources harvested because eligibility for fishers is based on insured earnings instead of insured hours of work. Fishers can qualify for benefits with a minimum of between \$2,500 and \$4,199 in insured earnings. For new entrants and re-entrants to the labour force a minimum of \$5,500 of fishing insured earnings is required to qualify. Results for 1999/00 indicate that virtually all claimants for fishing benefits have more than \$5,000 of insured earnings. Nearly 12% of fishers made claims in consecutive seasons (multiple claims), up slightly from last year. As noted in past years, these results suggest that earnings-based entry requirements may be too low given the level of revenues in the fishery.

## 7. Coverage

A range of measures for understanding access to income benefits was explored in Chapter 2. Analysis that focused specifically on the effectiveness of EI in providing coverage to the *employed* population was introduced. It indicates that 88% of paid workers would have met the eligibility requirements and received EI benefits in the event of job loss. The remaining 12% would have insufficient insurable hours. This is significant because paid workers make up 82% of all those people employed (refer to Chart 3).

Chart 3:  
EI Eligibility of the Employed, 1998



Access to EI income benefits was also examined using the beneficiary to unemployed ratio (B/U ratio) and the Employment Insurance Coverage Survey (EICS). The focus here was on people who were *unemployed*. Analysis of the B/U ratio indicates that after a period of decline due to program and labour market changes, the measure has leveled off at about 45% since 1997. While the B/U ratio has the advantage of simplicity, it is too broad because it includes groups for which EI and UI were not designed, such as those who were formally self-employed and those who have never worked. The level of the B/U ratio is an indication that EI is a targeted program, focusing on those who are in paid employment and those who lose their jobs through no fault of their own. Analysis using the EICS survey focuses more clearly on the target population of EI and allows a better understanding of how effective the program is in providing coverage to those for whom the program was designed. This measure indicates a high degree of program effectiveness, with 80% of those for whom the program was designed actually eligible to receive benefits.

However, it is important to note that EI provides more than income benefits. Results from Chapter 3 indicate that many Canadians who are not eligible for income benefits still receive assistance in finding and keeping work. During the reporting period, about 36% of participants in Employment Benefits and Support Measures were former and non-insured clients and therefore fell into this category. It is also worth noting that many other Canadians access information on jobs and the labour market through local offices and Internet sites and are not counted.

### III. EI AND COMMUNITIES

The impact of EI on 14 representative communities has been studied through the *Community Perspectives* exercise and results have been published in previous Monitoring and Assessment Reports.<sup>2</sup> Up until this point, we have placed a great deal of emphasis on capturing views of Canadians via focus groups about the transition from UI to EI. Focus group results indicated that people had adjusted to EI and attitudes towards the program were changing. With EI more fully implemented now, we thought it would be useful to take a snapshot of the 14 communities, focusing more specifically on how the program responds to the local economy and labour market conditions.

While the preceding analysis of EI and the economy emphasized the strong overall performance of the economy and labour market, it is clear that not all communities benefited equally. EI recognizes this reality by maintaining the system of variable entrance requirements with regionally extended entitlement periods introduced under UI in the 1970s. Generally speaking, when unemployment rates move lower and job prospects improve, entrance requirements are adjusted upwards and the maximum period of time a claimant can spend on benefit (entitlement) is adjusted downwards. The following analysis explores how entrance requirements and entitlement periods are adjusted to better meet local labour

market conditions.<sup>3</sup> It also looks at the proportion of entitlement that claimants use before returning to work.

#### 1. Atlantic Communities

The four communities in the Atlantic region are Clarendville (population: 33,000), Truro (population: 53,000), Miramichi (population: 48,000) and Prince Edward Island (population: 132,000). Employment within these communities is highly seasonal in nature and the manufacturing, construction, tourism, oil development, retail trade and fishing/agriculture industries are major employers. For all four communities, per capita income and per capita retail sales are well below the national average.

Table 2 indicates that unemployment rates in the four Atlantic communities were much higher than the national average during the reporting period. As may be expected, entrance

Community	Fiscal Year	U Rate*	VER** Hours	Entitlement (Weeks)	Duration ***	Benefits (Weekly)
<b>Clarendville</b>	99-00	20.6%	420.0	37.9	N/A	\$ 220.93
	98-99	21.7%	420.0	37.7	74.5%	\$ 228.09
<b>PEI</b>	99-00	13.8%	427.0	35.5	N/A	\$ 234.07
	98-99	13.5%	430.5	34.6	69.9%	\$ 231.45
<b>Truro</b>	99-00	10.5%	535.5	32.4	N/A	\$ 222.82
	98-99	11.3%	507.5	34.1	56.9%	\$ 219.85
<b>Miramichi</b>	99-00	13.9%	441.0	35.2	N/A	\$ 268.84
	98-99	15.6%	430.5	37.7	63.7%	\$ 259.30

\* Average annual unemployment rate  
 \*\* Variable Entrance Requirement in average hours of insurable employment  
 \*\*\* Duration actually spent on claim expressed as a percentage of entitlement

<sup>2</sup> For more information on the *Community Perspectives* exercise see the 1999 EI Monitoring and Assessment Report, Chapter 4. Please note that the 14 communities are: Clarendville, Newfoundland; Prince Edward Island; Truro, Nova Scotia; Miramichi, New Brunswick; Repentigny, Quebec; Montreal Centre East, Quebec; Toronto Centre, Ontario; Hamilton Mountain, Ontario; St. Boniface, Manitoba; Prince Albert, Saskatchewan; Calgary, Alberta; Kelowna, British Columbia; Surrey, British Columbia; and Yellowknife, Northwest Territories.

<sup>3</sup> This analysis focuses exclusively on regular claims. Data are drawn from EI administrative data, the Statistics Canada Labour Force Survey (LFS), and the Canadian Out-of-Employment Panel (COEP) Survey. With the exception of Yellowknife, the unemployment rate for each community is based on the COEP Survey adjusted by LFS data using 1999/00 as a base. The unemployment rate for Yellowknife is deemed to be 25%. Population data for the communities are drawn from the 1996 Census. Given that some claims straddle two fiscal years, the most recent data available for the analysis of duration spent on claims is 1998/99.

requirements were lower than the national average and the length of entitlement was longer. The average number of hours needed to qualify for benefits remained unchanged in Clarendville, decreased slightly in PEI, but rose in Truro and Miramichi, reflecting improved labour market conditions. In 1998/99, the proportion of entitlement used by claimants before returning to work ranged from 56.9% in Truro, where there was the lowest unemployment rate, to 74.5% in Clarendville, where unemployment was highest. Over the reporting period, weekly benefits rose slightly in all communities with the exception of Clarendville, suggesting a particularly difficult local labour market given the high rate of unemployment.

## 2. Quebec Communities

The communities in Quebec include Repentigny (population: 252,000) and Montreal Centre East (population: 247,000). Employment in both communities is based primarily in the manufacturing, construction and retail trade sectors, although Repentigny has a strong seasonal employment component from the surrounding rural area.

Table 3 indicates that despite higher than average unemployment rates, labour market conditions improved somewhat in these communities over the reporting period. With declining unemployment rates in both communities, the average number of hours of work needed to qualify for EI rose, and the period of entitlement fell by a corresponding amount. Claimants in these communities used about one-half of their entitlement before returning to work. From 1998/99 to 1999/00, average weekly benefits remained virtually unchanged in Repentigny and rose by about \$8 in Montreal Centre East.

Table 3						
Quebec Communities						
Community	Fiscal Year	U Rate*	VER** Hours	Entitlement (Weeks)	Duration ***	Benefits (Weekly)
Repentigny	99-00	8.5%	532.0	32.3	N/A	\$ 241.12
	98-99	9.2%	507.5	33.2	58.7%	\$ 241.17
Montreal Centre East	99-00	8.5%	581.0	31.6	N/A	\$ 257.84
	98-99	9.2%	553.0	32.5	54.5%	\$ 250.24
* Average annual unemployment rate ** Variable Entrance Requirement in average hours of insurable employment *** Duration actually spent on claim expressed as a percentage of entitlement						

## 3. Ontario Communities

In Ontario, the communities are the large urban centres of Hamilton Mountain (population: 189,000) and Toronto Centre (population: 438,000). Employment within Toronto and Hamilton is quite diverse with manufacturing, retail trade, business services and construction playing an important role. Seasonality is not a major factor affecting employment in these communities.

Table 4 reflects the exceptionally strong labour market conditions in southern Ontario. Unemployment rates declined significantly over the reporting period and were lower than the national average. As a result of the strong labour market, the average number of hours needed to qualify for EI rose by about 30 hours in both communities and the number of weeks of EI entitlement fell by at least a full week. In 1998/99, the proportion of entitlement used by claimants was only 55.1% in Hamilton Mountain and 60.7% in Toronto Centre. The relatively low rate of duration in

Table 4						
Ontario Communities						
Community	Fiscal Year	U Rate*	VER** Hours	Entitlement (Weeks)	Duration ***	Benefits (Weekly)
Toronto	99-00	6.1%	644.0	30.7	N/A	\$ 309.00
	98-99	6.9%	616.0	32.1	60.7%	\$ 304.63
Hamilton Mountain	99-00	4.9%	679.0	27.3	N/A	\$ 280.28
	98-99	6.2%	647.5	28.3	55.1%	\$ 283.22
* Average annual unemployment rate ** Variable Entrance Requirement in average hours of insurable employment *** Duration actually spent on claim expressed as a percentage of entitlement						



Hamilton Mountain is significant because the average period of entitlement for this community is quite low in comparison to other communities. Average weekly benefits were also quite high in comparison to national averages, reflecting higher wage rates in these communities.

#### 4. Prairie and Northern Communities

The Prairies communities include Prince Albert (population: 67,000), St. Boniface (population: 107,000) and Calgary (population: 921,000). Calgary and St. Boniface can be characterized as urban centres. St. Boniface is near Winnipeg's downtown core. Employment within these communities is largely in the manufacturing, business services, retail trade, construction and education sectors. Employment within Prince Albert has a strong seasonal component. The northern community of Yellowknife (population: 27,000) has also been included in this grouping. Employment within Yellowknife has a strong seasonal component and is largely based in mining/construction, government services, educational services and retail trade. Yellowknife has the highest per capita income of all of the 14 communities.

The picture of improving local labour markets in 1999/00 is evident in the Prairie communities (Table 5). The unemployment rate fell in St. Boniface and Prince Albert and remained unchanged in Calgary. In Yellowknife, unemployment rates were significantly higher than the other communities in this grouping, indicating a more difficult labour market in that community. The average number of hours of work needed to qualify for EI increased in St. Boniface and Prince Albert, but decreased in Calgary, although the period of entitlement fell somewhat. In Yellowknife, entrance requirements remained the same and

**Table 5**

Prairie and Northern Communities						
Community	Fiscal Year	U Rate*	VER** Hours	Entitlement (Weeks)	Duration ***	Benefits (Weekly)
St. Boniface	99-00	5.6%	686.0	27.8	N/A	\$ 282.45
	98-99	6.0%	675.5	28.3	55.8%	\$ 284.07
Prince Albert	99-00	13.3%	448.0	36.5	N/A	\$ 260.43
	98-99	14.9%	444.5	39.1	54.2%	\$ 256.27
Calgary	99-00	5.6%	651.0	30.6	N/A	\$ 315.69
	98-99	5.6%	654.5	31.4	59.6%	\$ 332.72
Yellowknife	99-00	25.0%	420.0	39.4	N/A	\$ 340.82
	98-99	25.0%	420.0	39.1	62.1%	\$ 336.87

\* Average annual unemployment rate

\*\* Variable Entrance Requirement in average hours of insurable employment

\*\*\* Duration actually spent on claim expressed as a percentage of entitlement

entitlement was relatively stable. The proportion of entitlement that claimants used before returning to work was between 54% and 60% in each Prairie community. Average weekly benefits were highest in Yellowknife, reflecting the relatively high per capita income noted earlier. Over the reporting period, weekly benefits fell slightly in St. Boniface and somewhat more sharply in Calgary, whereas benefits in Prince Albert and Yellowknife rose slightly.

#### 5. British Columbia Communities

The two communities from British Columbia are the urban centres of Surrey (population: 370,000) and Kelowna (population: 135,000). Employment in these communities is largely based in the retail trade, construction, manufacturing, tourism and service industries and has a strong seasonal component.

Table 6 indicates that unemployment rates in Surrey and Kelowna were somewhat higher than the national average. With only a relatively small drop in the unemployment rate over the reporting period, the average number of hours needed to qualify for benefits and the number of weeks of EI entitlement remained relatively stable. In 1998/99, the proportion of entitlement used by claimants before returning to work was 58.3% in Kelowna and 67.1% in



Table 6

## British Columbia Communities

Community	Fiscal Year	U Rate*	VER** Hours	Entitlement (Weeks)	Duration ***	Benefits (Weekly)
Surrey	99-00	7.7%	616.0	28.9	N/A	\$ 257.89
	98-99	8.0%	605.5	29.5	67.1%	\$ 256.57
Kelowna	99-00	9.7%	567.0	32.5	N/A	\$ 261.63
	98-99	9.9%	560.0	32.1	58.3%	\$ 264.20

\* Average annual unemployment rate

\*\* Variable Entrance Requirement in average hours of insurable employment

\*\*\* Duration actually spent on claim expressed as a percentage of entitlement

Surrey. Average weekly benefits remained virtually unchanged in Surrey and fell slightly in Kelowna.

#### IV. EMPLOYMENT BENEFITS AND SUPPORT MEASURES

The evidence reported in Chapter 3 indicates that Employment Benefits and Support Measures (EBSMs) are effective in the short term. In 1999/00, EBSMs and similar programs delivered by the provinces/territories assisted more individuals to return to work with a greater saving in unpaid benefits. Information was also of a higher quality than in previous years, allowing a greater level of confidence with respect to results. Although data development has progressed, it is important to note that challenges still exist.

In terms of designated group participation, results for this reporting period indicate that women, persons with disabilities and visible minorities increased their representation in EBSMs slightly, while the representation of Aboriginal peoples remained unchanged. However, it is important to note that there are encouraging results for Aboriginal peoples. Returns to work for this group increased 60% with unpaid benefits increasing 41%. This increase is due partly to an improved understanding of

programming and service delivery under the Aboriginal Human Resources Development Strategy and to improved data collection techniques by Aboriginal peoples' organizations. Overall, the results for designated groups indicate that continued effort is needed to ensure that members of designated groups are more adequately represented in EBSMs.<sup>4</sup> The participation of designated groups in EBSMs will continue to be monitored and assessed in future reports.

Evaluation results also support the view that programs and services are, for the most part, adaptable to the needs of Canadians. In general, the programs and services offered by different levels of government are flexible enough to meet local needs and complementary in their approaches. One of the most important successes of the EBSMs has been their flexibility.

Satisfaction levels with EBSMs are high with over three-quarters of participants rating the service as good or excellent and only 1 in 10 expressing dissatisfaction. Clients were satisfied with the quality of training and indicated that their participation in a program or service had provided them with specific job-related skills and bolstered their motivation and goal-setting ability, leaving them better prepared for new jobs.

Another important evaluation finding during this reporting period is that access to programs and services is more difficult in rural and remote communities where distance and market size pose a challenge to service delivery. Access is also an issue for those Canadians whose first language is neither French nor English as well as for those that have a low level of education.

<sup>4</sup> When interpreting designated group data, it is important to note that variations in the quality of data capture and changing rates of self-identification may contribute to observed differences in representation from one year to the next.

EBSMs were introduced in 1996. Since that time long-term interventions have represented a steadily decreasing proportion of total interventions. This change in the mix of programming coincides with a stronger Canadian labour market. The higher availability of jobs may have reduced the demand for long-term assistance. However, labour market conditions are only one factor affecting the use of long-term interventions. Policies must balance these considerations with client and employer needs and the skill level of the labour force. In some provinces/territories short-term interventions may have been used more often because they met the needs of the clients. Other jurisdictions may have chosen long-term interventions as a means to deal with chronic unemployment and/or skill shortages. In short, tailoring of programs and services to meet needs at the local level may be helping to ensure that individuals receive the programs and services that are best suited to the individual and the labour market in which they exist.

## V. SAVINGS

In 1995, the federal Budget announced a 10% reduction of EI program costs as part of the Government's fiscal restraint measures. When the new EI system was designed, measures were introduced to achieve the necessary savings. The *EI Act* requires the Commission to monitor and assess whether the savings expected as a result of the reforms are being realized. Savings were expected to result from enhanced claimant assistance services, reductions in fraud and abuse and reduced income benefits. As noted in Chapter 4, total savings generated from enhanced claimant assistance services (Group Information Sessions) and from Investigation and Control activities for 1999/00 were \$146.6 million and \$573 million, respectively.

The redesign of EI income benefits included several major changes to the eligibility and benefit calculation systems. These changes were intended to strengthen insurance principles and work incentives, as well as to reduce the overall cost of the program. The savings results in this reporting period build on those reported in the 1998 and 1999 Reports. Once again the focus is on the incremental savings due to the maturing of specific EI reforms.<sup>5</sup> The "net effect" of the maturing of the Family Supplement, the intensity provision and the continuing freeze on Maximum Insurable Earnings (MIE) has been estimated using administrative data. Results indicate that the maturing of these provisions reduced costs by an additional \$93 million or 1.0% of EI payments over the reporting period. It is worth noting that the MIE freeze and the maturing of the intensity provision affect men more than women because men tend to have higher wages and are more likely than women to be frequent claimants. The Family Supplement affects women more than men because women tend to have lower incomes. Overall, the net impact of the maturing elements within EI from 1998/99 to 1999/00 was to reduce payments to men by \$77 million and to women by \$16 million. This represents a reduction of 1.4% in EI payments to men and 0.4% to women.

Since the benefit repayment (clawback) provision is delivered through the tax system, final information is only available a full year after the tax year for which benefits are repaid. Given the timing of this report, this means 1998 data is the latest available. Results indicate that incremental savings in 1998 were \$44 million. This is in addition to the \$2 million in estimated incremental savings for the 1997 tax year and \$41 million for 1996.<sup>6</sup> Taken together, this represents a reduction in benefits of \$87 million. The reduction in benefits to

<sup>5</sup> A brief description of how the maturing elements of EI produce incremental savings and procedures used in estimating savings are included in Annex 1 under the heading "Savings Methodology." See previous reports for past savings.

<sup>6</sup> Please note this represents the difference between what would have been repaid under UI benefit repayment provisions and the provisions under EI. Please refer to Annex 1 "Benefit Repayment Provisions."

men was \$78 million, and \$9 million for women. The incremental savings in 1996 can be attributed to the increase in benefit repayments resulting from the initial reduction in the threshold for repayment from \$63,570 of net income under UI to \$48,750 of net income under EI. The relatively low amount of incremental savings in 1997 is because very few individuals saw a further decrease in the threshold or an increase in the maximum amount of EI benefits repaid as few had accumulated 20 weeks or more of claim history since July 1996. Incremental savings in 1998 can be attributed to repeat users of the program having to repay greater amounts of their benefits at the lower threshold of \$39,000 and because repeat claimants can be required to repay more than 30% of their benefits.

With the incremental savings to income benefits for 1999/00, we find that total savings from EI reform are between 8% and 13%, which is in line with expectations. In assessing these results, it is important to note that the unemployment rate is much lower now than it was before EI. As a result, fewer Canadians need to access the program and expenditures are lower.

### VI. SUMMING UP

Results show that EI remains an important program for working Canadians and their families. Overall, the EI program is continuing to meet its primary objectives of providing temporary income support for people who lose their jobs and helping them return to work. The program also provides support to those who need to leave paid employment to take care of newborn or adopted children.





## Elements of Reform

The Employment Insurance (EI) reform represented the most fundamental restructuring of the Unemployment Insurance (UI) program in 25 years. EI reform created an integrated system of income and employment benefits. The redesign of Part I Income Benefits included several major changes to the eligibility system and benefits regime. These changes were designed to reflect changes in the labour market and reinforce the insurance principles of the system while protecting those most in need. While the provision of temporary income support is still the key role of the program, EI places a greater emphasis on getting people back to work through Part II provisions called Employment Benefits and Support Measures (EBSMs). The active measures under Part II help unemployed Canadians reintegrate into the labour market. EI also included a new financing framework and increased penalties for employers and workers to discourage fraud and abuse.

### ELIGIBILITY SYSTEM

#### Hours-Based System

EI eligibility is based on hours of work rather than weeks of work. The hours-based system better reflects changing labour market realities and is intended to provide more equitable treatment of claimants with different work patterns. To qualify for regular benefits, claimants need 420 to 700 hours of insured work, instead of 12 to 20 insured weeks. For special benefits, claimants need 700 hours (600 effective December 31, 2000) instead of 20 insured weeks.

In order to be covered under UI, individuals had to work at least 15 hours or have earnings

over a stated minimum in any particular week to be covered in that week. A week with 15 hours had the same value as a week of 35 hours or 50 hours. Individuals whose jobs consistently provided low weekly hours and earnings were not covered. Among those not previously covered were part-time workers and multiple job holders whose jobs did not meet the minimum weekly earnings or hours of work criteria. Under EI, multiple job holders can add all hours of work from their employment to meet eligibility requirements and to determine benefit entitlement. As well, many workers in seasonal industries who work intensively over a short period of time now have all of their hours of work recognized.

#### New Entrants and Re-entrants

In addition to meeting the requirement of 420 to 700 hours of work in the qualifying period, a worker must also demonstrate 490 hours of labour force attachment<sup>1</sup> in the 52 weeks prior to the qualifying period. A claimant who does not meet this additional provision is considered a new entrant/re-entrant. Effective July 1996, new entrants and re-entrants needed 26 rather than 20 weeks of work to qualify for EI. In January 1997, the 26 weeks were converted to 910 hours.

The increased requirements for new entrants and re-entrants ensure that workers, especially young people, establish a more significant attachment to the labour force before collecting EI benefits. Claimants have to make a reasonable contribution to the system before collecting benefits, thereby reinforcing insurance principles and strengthening the relationship between work effort and entitlement to benefits.

<sup>1</sup> Labour force attachment (LFA) takes account of various forms of attachment to the labour force (e.g., insured hours of work, time spent on EI, Worker's Compensation, disability benefits, sick leave and approved training. Each week of LFA counts for 35 hours, with the exception of insured hours of work which are considered at face value).

## BENEFITS REGIME

### Total Earnings/Benefit Calculation

Under EI, benefit levels are based on total earnings from paid employment during all weeks of work within the 26-week period preceding the establishment of the claim. These earnings are then averaged by dividing by the number of weeks of work in this period or the minimum divisor,<sup>2</sup> whichever is greater. (Please refer to Table 1.) Average earnings are then multiplied by 55% to determine the weekly benefit, up to a maximum weekly benefit of \$413 (which is the weekly equivalent of 55% of the \$39,000 yearly maximum insurable earnings).

Table 1		
Divisor		
Regional Unemployment Rate	Minimum Entrance Requirement (in weeks)	Minimum Divisor
0% to 6%	20	22
6.1% to 7%	19	21
7.1% to 8%	18	20
8.1% to 9%	17	19
9.1% to 10%	16	18
10.1% to 11%	15	17
11.1% to 12%	14	16
12.1% to 13%	13	15
13.1% and over	12	14

Determining benefits based on total earnings over a fixed period helps ensure that benefits are more directly linked to the normal flow of earnings from work. The use of a "divisor," which is at least two weeks longer than the minimum entrance requirement, also creates a strong incentive to work at least two more weeks. Under UI, benefits were based on the equivalent of 55% of average insured earnings over the most recent 12 to 20 weeks worked in the past 52 weeks. This did not reflect the

earnings stream from work and did not encourage workers to accept work beyond the minimum required to qualify for benefits.

The number of weeks of benefits payable ranges between 14 and 45 weeks, depending on the number of hours worked and on the regional rate of unemployment.

### Small Weeks Pilot Project

While the EI benefit calculation process has worked well for most claimants, there was a disincentive for some workers to accept weeks with lower than average earnings ("small weeks"). Including these earnings in the calculation of average earnings (noted above) would lower the amount that they received in EI benefits. To study ways to remedy this concern, small weeks adjustment projects were introduced in 29 high-unemployment EI regions in May and August of 1997. The pilot projects addressed the disincentive to accept small weeks of work by allowing claimants to either "bundle" or "exclude" any weeks of work deemed to be "small" (weeks with earnings under \$150) in the calculation of weekly benefits.

When the projects expired on November 14, 1998, a new pilot project was introduced for a period of up to three years because more data and time were required to assess disincentives to accept small weeks of work. The new project operates in 31 EI regions across the country, including the 29 regions that participated in the initial pilot project, as well as in two other EI regions, namely Hull (Quebec) and Sudbury (Ontario).<sup>3</sup> The new project only allows claimants to "exclude" small weeks in the calculation of weekly benefits. Experience suggests that this method is easier to explain and understand, less costly to administer, and produces exactly the same benefits as the "bundling" method.

<sup>2</sup> The minimum divisor ranges from 14 to 22, depending on the regional rate of unemployment.

<sup>3</sup> Please refer to Annex 2.1 for a list of all EI regions in effect in 1999/00. Shaded regions are those participating in the small weeks project.

### Reduced Maximum Benefit Duration

Effective July 1996, the maximum length of a claim was reduced from 50 to 45 weeks. This affects only workers with a longer labour force attachment in higher unemployment regions. The majority of claimants find work within the first 40 weeks of receiving benefits.

### Intensity Rule

Under EI, the usual benefit rate is 55% of insured earnings up to a maximum of \$413 a week. The intensity rule reduces the EI benefit rate of 55% by 1 percentage point for every 20 weeks of regular or fishing benefits collected in the past 5 years, to a maximum reduction of 5 percentage points. The minimum benefit rate is therefore 50%, compared to the basic rate of 55%.

This measure was designed to reduce reliance on EI as a regular income supplement, while not excessively reducing the benefits of those who make long or frequent claims. It does not apply to special benefits (maternity, parental and sickness). Claimants receiving the Family Supplement are also exempt.

### Benefit Repayment Provisions (Clawback)

Benefit repayment provisions were first effective in 1979. They were designed to ensure that claimants repay benefits once their annual net income exceeds a certain threshold. Under UI, once a claimant's net income exceeded \$63,570, they were required to repay 30% of benefits.

EI reform lowered the threshold at which benefits are repaid, and created a separate regime for those who have a history of past use of the system. The income threshold for benefit repayment was reduced from \$63,570 to \$48,750. This threshold applies to claimants with 0 to 20 weeks of benefits in their claim history over the last five tax years – and to all special benefit claimants (maternity, parental,

and sickness benefits). These claimants are required to pay back 30% of their net income above the threshold or 30% of their benefits (whichever is less).

As shown in Table 2, for claimants with more than 20 weeks of benefits in the last five tax years, the income threshold is \$39,000. These claimants are required to repay the lesser of 30% of net income above the threshold or 50% to 100% of their benefits (depending on the actual number of weeks of regular or fishing benefits received in the past five years). In all cases, the repayment is limited to 30% of net income in excess of the threshold (either \$48,750 or \$39,000).

Table 2			
Clawback			
Weeks of regular/fishing benefits in past five years	Repayment Rate	Maximum portion of benefits to be repaid	Net income threshold
20 or less	30%	30%	\$48,750
21 to 40	30%	50%	\$39,000
41 to 60	30%	60%	\$39,000
61 to 80	30%	70%	\$39,000
81 to 100	30%	80%	\$39,000
101 to 120	30%	90%	\$39,000
Over 120	30%	100%	\$39,000

### Family Supplement

The Family Supplement provides additional benefits to low-income families with children by increasing their benefit rate. Under EI, the usual benefit rate is 55% of insured earnings up to a maximum of \$413 a week. Under the Family Supplement, claimants in low-income families can receive a higher percentage of their insured earnings as long as their weekly benefit does not exceed \$413. Under EI, the replacement rate for Family Supplement recipients has increased by 5 percentage points a year from a base of 60% in 1996 to the maximum specified in the legislation of 80% in 2000.



To qualify for the Family Supplement, claimants must have at least one dependent child, and have a net family income of \$25,921 or less. Only one spouse in a family can receive the Family Supplement at a given time. Individuals receiving the Family Supplement are exempt from the intensity rule.

The Family Supplement replaced the UI dependency provision, and better targets assistance to claimants in need. Under UI, any claimant with low weekly wages could qualify for a 60% benefit rate instead of the basic 55% if they had dependents as defined under the *Income Tax Act*. Eligibility was based on the income of the claimant, regardless of the total family income. About 45% of low-income families did not qualify, and about 30% of those who did receive the 60% rate had family incomes over \$45,000.

### **Working while on claim**

Under UI, regular beneficiaries were allowed to earn up to 25% of weekly benefits while collecting benefits. Under EI, regular beneficiaries are allowed to earn up to \$50 a week or 25% of weekly benefits, whichever is higher. Any earnings beyond this are deducted dollar for dollar from benefits. The \$50 per week floor benefits claimants with a benefit level under \$200 per week. The aim is to encourage low-income claimants to maintain their labour force attachment and increase their earnings from work. For example, a claimant with weekly benefits of \$160 would have been able to earn \$40 under UI, but can now earn \$50 under EI.

## **FISHING BENEFITS**

### **Earnings Based System**

The most fundamental reform element affecting fishers is the change from an eligibility system based on weeks of work to an earnings-based system. A minimum of \$2,500 to \$4,199 of insured earnings from fishing is required to qualify for benefits. The fixed seasonal qualifying and benefit periods were also expanded to provide added flexibility. The qualifying periods for both summer and winter fishing seasons increased from 27 to 31 weeks<sup>4</sup> and the benefit periods increased by 8 weeks.<sup>5</sup>

### **New Entrants and Re-entrants**

New entrants and re-entrants to the labour force require a minimum of \$5,500 of fishing insured earnings to qualify. The higher minimum earnings ensure that those entering the fishery, especially young people, establish a significant attachment to the labour force before collecting EI benefits. To qualify for special benefits, new entrants and re-entrants require \$4,200 in insured fishing earnings instead of \$5,500.

### **Total Earnings/Benefit Calculation**

EI benefits for fishers are based on the total insured earnings from fishing over the entire fishing season. To determine the weekly benefit amount, total insured earnings are divided by the applicable divisor (ranging between 14 and 22). The basic weekly benefit is 55% of this amount.

With the reform, all fishers who qualify for benefits are entitled to a maximum benefit duration of 26 weeks. Prior to the reform, the duration varied between 14 and 27 weeks according to the number of weeks of work and the regional unemployment rate.

<sup>4</sup> The extended summer season is from March 1<sup>st</sup> to November 1<sup>st</sup>, and the winter fishing season runs from September 1<sup>st</sup> to March 31<sup>st</sup>.

<sup>5</sup> The extended benefit period for those who fish in the summer starts October 1<sup>st</sup> and ends June 15<sup>th</sup>. The summer benefit period for those who fish in the winter starts April 1<sup>st</sup> and ends December 15<sup>th</sup>.



### SPECIAL BENEFITS

#### Eligibility

To qualify for special benefits under the current EI program, claimants need 700 hours, instead of the 20 insured weeks required under the UI system. This also applies to claimants who would have otherwise been considered new entrants or re-entrants.

#### Length of Entitlement

The duration of benefits for special benefits is not dependent on the number of hours worked. During the reporting period the EI program provided 15 weeks of maternity benefits to biological mothers and 10 weeks of parental benefits for natural and adoptive parents. An additional five weeks of parental benefits for special care may be paid if the child suffers from a physical, psychological, or emotional condition. EI also provides 15 weeks of sickness benefits. A total of 30 weeks of special benefits can be paid to a claimant in a single benefit period.

#### Intensity Rule

Special benefits are not subject to the intensity rule.

#### Benefit Repayment Provisions (Clawback)

Benefit repayment provisions were first effective in 1979. They were designed to ensure that claimants repay benefits once their annual net income exceeds a certain threshold. Under UI, once a claimant's net income exceeded \$63,570, they were required to repay 30% of benefits. Under EI, claimants who have received only special benefits in the last year are subject to a net income threshold of \$48,750. They are required to repay 30% of their net income above the threshold or 30% of EI benefits, whichever is less. There are no varying repayment rates based on past EI usage.

### Changes to Special Benefits Effective December 31, 2000<sup>6</sup>

It is important to note that there will be changes to special benefits. These changes will be covered in future Monitoring and Assessment Reports.

The entrance requirements for special benefits will be decreased to 600 hours of insurable employment effective December 31, 2000. In addition, parents of children born or placed in their care for adoption on or after December 31, 2000 will also be eligible for the following enhanced parental benefits:

- the number of weeks for which parental benefits may be paid will be increased from 10 to 35, where a parent is caring for either newborn biological or adopted children;
- a maximum of 50 weeks of combined special benefits (maternity, parental, and sickness) will be available to claimants, up from 30 weeks;
- parental benefits can be shared between parents, with only one parent having to serve a two-week waiting period; and,
- while receiving parental benefits, parents will be able to earn the greater of \$50 or 25% of their weekly benefit rate without a reduction in their EI benefits.

### FINANCING FRAMEWORK

#### Maximum Insurable Earnings (MIE)

The MIE was reduced to \$750 per week on June 30, 1996 and annualized at \$39,000 in January 1997 (the equivalent of \$750 per week) and frozen at this level until the end of 2000. The maximum weekly benefit was reduced to \$413 (55% of \$750) from \$448 (55% of \$815) in 1995 and \$465 (55% of \$848) for

<sup>6</sup> The *Budget Implementation Act* received Royal Assent on June 29, 2000. This legislation contained amendments to the *Employment Insurance Act* to implement the enhanced parental benefits.

the first six months of 1996.<sup>7</sup> The MIE had previously been based on a formula that took into account average wage increases over an eight-year period, resulting in EI benefits that were increasing at a higher rate than average wages and salaries.

### **First dollar coverage**

In 1997, EI reform brought in a new method for calculating premiums. Under EI, employers and employees pay premiums on all earnings from the first dollar earned, up to an annual maximum (the MIE). This system is intended to be more equitable and easier for employers to administer than the previous system, which used weekly minimums and maximums for determining insurable earnings. First dollar coverage also removes the incentive for employers to limit part-time work to fewer than 15 hours per week to avoid paying premiums.

### **Premium Refunds**

Under EI, premiums are refunded to workers earning \$2,000 or less per year, since these individuals are unlikely to accumulate enough hours of work to qualify for benefits. A threshold of \$2,000 is also consistent with the insurance principle that those who may be in a position to receive benefits pay premiums.

## **SAVINGS**

### **Components of EI that Mature**

Additional savings in the 1999/00 period to income benefit payments stem from the maturing of the intensity rule, the freeze of the MIE, the changes to the benefit repayment provision and are offset by the maturing of the Family Supplement.

The intensity rule produces incremental savings because this provision reduces weekly payments to regular claimants by an additional 1% for each 20 weeks of EI benefits received

over the past five years. Since the claims history for EI began in 1996, this provision will not be fully matured until 2001.

The MIE freeze produces incremental savings to the EI program because the maximum weekly benefit does not grow in line with earnings, as would have been the case under UI. With the freeze in place, each year more beneficiaries receive the maximum weekly benefit of \$413.

The Family Supplement produces incremental new spending under EI because it calls for annual increases of 5 percentage points in the maximum benefit rate. In 1998, the maximum benefit rate with the Family Supplement was increased from 65% to 70% and in 1999, it was increased again to 75%. In 2000 it reached its maximum of 80%.

The savings from the new benefit repayment or clawback provisions also increase over time as the maximum amount of benefits repaid increases from 30% to 100% for each 20 weeks of EI benefits received over the past 5 years. Additionally, for those who received more than 20 weeks of benefits in the past 5 years, the threshold above which benefits are repaid is decreased from \$48,750 to \$39,000. Since the claims history for EI began in 1996, this provision will not be fully matured until 2001.

### **Savings Methodology**

The savings estimates are derived from administrative data using a standard estimation procedure as well as micro-simulation modeling. Under micro-simulation a sample of individual claims are recalculated on the basis of what would have been received if the reforms had not matured another year. The estimated savings are simply the difference between what would have been paid and what was paid.

<sup>7</sup> On January 1, 1996, the MIE for the purpose of paying premiums was reduced from \$815 to \$750 per week, while the MIE for benefit purposes increased to \$848.

### INCREASED SANCTIONS FOR FRAUD

In order to protect the integrity of the program, EI introduced more severe fines for claimants and employers, penalties for employer and employee collusion, and increased entrance requirements in the case of claimant fraud. These stricter sanctions are intended to reinforce the message that fraud and abuse of the EI program will not be tolerated.

### EMPLOYMENT BENEFITS AND SUPPORT MEASURES

EI places a greater emphasis on getting people back to work through Part II provisions called Employment Benefits and Support Measures (EBSMs). Through partnerships with the provinces and territories, called Labour Market Development Agreements (LMDAs), EBSMs can be applied to meet the needs of local labour markets.<sup>8</sup>

#### Employment Benefits

Employment Benefits make use of both EI Part I and Part II. EI Part I refers to the continuance of EI income support after an approved Employment Benefit has been entered into. It must be stressed that this income support is a continuance and that it does not act to extend the benefit period. Part II active measures provide clients with the employment benefits listed below. As part of this programming, participants may receive financial assistance towards their costs of participation.

*Targeted Wage Subsidies* assist eligible unemployed individuals to obtain on-the-job work experience by providing employers with financial assistance towards the wages of insured participants whom they hire. This

benefit encourages employers to hire unemployed individuals whom they would not normally hire in the absence of a subsidy.

*Targeted Earnings Supplements* enable some people currently on EI or the longer term unemployed to accept low-wage jobs. Temporarily topping up low-wage jobs means that people who would not enter at the lower wage rate are able to re-enter the work force. (The Government of Canada has chosen not to implement this benefit.)

*Self-Employment* provides financial assistance and business planning advice to EI-eligible participants to help them to start their own business. This financial assistance is intended to cover personal living expenses and other expenses during the initial stages of the business.

*Job Creation Partnerships* projects provide insured participants with opportunities through which they can gain work experience that will lead to ongoing employment. Activities of the project help develop the community and the local economy.

*Skills Development* assists insured participants to obtain skills for employment through direct financial assistance to enable them to select, arrange for and pay for their own training.<sup>9</sup>

#### Support Measures

*Employment Assistance Services* provide funding to organizations to enable them to provide employment services to unemployed persons. These services may include counselling, action planning, job search skills, job finding clubs, job placement services, the provision of labour market information and case management and follow up.

*Labour Market Partnerships* provide funding to assist employers, employee and/or employer associations and communities to improve their

<sup>8</sup> Part II active measures delivered by provinces and territories with full-transfer LMDAs generally have different names than the HRDC equivalents, and are designed and delivered by the province/territory.

<sup>9</sup> Skills, Loans and Grants was renamed Skills Development in July 1999.



capacity for dealing with human resource requirements and to implement labour force adjustments. It involves the development of plans and strategies and the implementation of adjustment measures.

*Research and Innovation* supports activities that identify better ways of helping people prepare for or keep employment and be productive participants in the labour force. Funds are provided to eligible recipients to enable them to carry out demonstration projects and research for this purpose.

### **Pan-Canadian Activities**

Pan-Canadian activities refer to those activities that are national or at least multi-jurisdictional in scope or purpose. It may also refer to activities that respond to special labour market situations that extend to or affect the country as a whole. These activities range from such things as the funding for the Ice Storm activities of 1998 to supporting Section 41 of the *Official Languages Act* under Labour Market Partnerships. A portion of the Aboriginal Human Resources Development Strategy (AHRDS) is funded under pan-Canadian activities and allows Aboriginal peoples to develop their own labour market programming as befits their particular needs. Youth benefit from this funding through Skills/Compétences Canada which is used to promote skilled trades and technology as a first career choice.

### **Labour Market Development Agreements**

In May 1996, the Government of Canada made an offer to all provinces and territories to develop federal-provincial-territorial partnerships to respond to the specific needs of unemployed Canadians in each province/territory and to the conditions of individual labour markets.

Following this offer, 12 Labour Market Development Agreements (LMDAs) have been concluded between the Government of Canada and the provinces and territories. In accordance with the 1996 proposal, Alberta, New Brunswick, Manitoba, Quebec, Saskatchewan, the Northwest Territories, and most recently Nunavut, assumed full responsibility for the design and delivery of active employment measures funded through the EI program.

Newfoundland, British Columbia, Prince Edward Island, and the Yukon opted for a co-management approach. This means that the Government of Canada and each provincial/territorial government assumed joint responsibility for the planning and evaluation of active employment measures, while HRDC continues to deliver programs and services through its service delivery network.

In Nova Scotia, the agreement closely resembles a co-management arrangement and is known as a strategic partnership.

Joint federal-provincial-territorial management structures have been established and co-operation for the full range of labour market delivery strategies has been developed.

Discussions regarding a possible agreement with Ontario are ongoing. British Columbia is in the process of negotiating a transfer agreement for the design and delivery of active employment measures. (Please refer to Annex 3.1 for an overview of the LMDAs.)

### **Evaluations of Labour Market Development Agreements**

Under the *EI Act*, EBSMs and similar measures are reviewed periodically to ensure their effectiveness and efficiency. The LMDAs also carry provisions for evaluations of their implementation and for the employment programs and services delivered under their auspices.



The agreements call for two types of evaluations. Formative evaluations are undertaken during or shortly after the first year of implementation. They are designed to supply information on how well the agreements are functioning, and whether there are areas in which the partnerships could be improved. Changes to EBSM design and delivery that would permit them to better meet their objectives may be suggested by the formative evaluations, and they may provide some preliminary information on program impacts.

Summative evaluations will be carried out in the third year of implementation or shortly thereafter. These evaluations will provide more detailed information on the cost-effectiveness and longer term impact of EBSMs on clients' ability to find and maintain employment. The measurement of the incremental impacts of program participation may be possible. Further evaluations are to be conducted every three to five years.

A joint federal-provincial/territorial process has been established in each province and territory to evaluate the programs and services delivered under the LMDAs.<sup>10</sup> Most agreements require that designated officials establish a Joint Evaluation Committee to support and oversee the EBSM evaluations. The Joint Committee involves representatives from the provinces/territories and HRDC (regions and NHQ). Chapter 3 includes findings from the evaluations completed to date, as well as preliminary findings from those under way.<sup>11</sup> Evaluation data from 11 jurisdictions are

included: Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland/Labrador, the Northwest Territories, Nova Scotia, Prince Edward Island, Ontario,<sup>12</sup> Quebec, and the Yukon.

<sup>10</sup> Under the terms of the Canada-Quebec Labour Market Implementation Agreement, Quebec is responsible for conducting its own evaluations of the EBSMs. Expert federal and provincial representatives provide input on target setting, the conduct of the evaluations, and the reporting of results.

<sup>11</sup> The timing of the evaluations has been dependent on the timing of the agreements. Evaluations are complete for provinces and territories with which agreements were reached by late 1996 or early 1997. In instances where agreements were not signed until 1998, evaluations are still in progress or have not yet begun, but they are generally required at the end of the first year of implementation of the Agreement. In addition, although all of the LMDAs have evaluation as a term of Agreement, the exact focus of each evaluation has been determined in consultation with provincial and territorial partners.

<sup>12</sup> A LMDA between the Government of Ontario and the Government of Canada has not yet been concluded. As the *EI Act* calls for the monitoring and assessment of the EBSMs, an evaluation of the Ontario Region EBSMs has been conducted and is reported in Chapter 3.



## **ANNEX 2**

### **Income Benefits Data Tables**

- 2.1 Unemployment Rates by EI Region**
- 2.2 Total Income Benefits**
- 2.3 Total Income Benefits by Industry**
- 2.4 Regular Benefits**
- 2.5 Distribution of Claims for Regular Benefits by Duration of Insured Employment**
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- 2.9 Maternity Benefits**
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- 2.12 Sickness Benefits**
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- 2.14 Working while on Claim**
- 2.15 Benefit Repayment Provision (Clawback)**
- 2.16 Claims Affected by the Intensity Rule**





Unemployment Rates by EI Region<sup>1</sup>

	June 1998	Sept. 1998	Dec. 1998	March 1999	June 1999	Sept. 1999	Dec. 1999	March 2000
<b>Newfoundland/Labrador</b>								
St. John's	11.9	12.1	11.4	10.1	8.8	9.8	10.5	9.9
Newfoundland/Labrador	19.8	22.5	22.5	20.4	22.1	20.6	19.1	21.5
<b>Prince Edward Island</b>								
Prince Edward Island	13.6	13.2	14.4	15.2	14.5	14.1	13.1	11.8
<b>Nova Scotia</b>								
Eastern Nova Scotia	17.6	19.3	21.5	19.1	16.0	18.7	19.3	18.8
Central Nova Scotia	11.3	11.7	11.3	11.7	11.6	9.8	9.8	10.6
Halifax	7.6	7.4	7.2	7.2	6.9	6.3	7.4	6.4
Kings	9.4	11.0	10.3	8.5	7.6	7.5	8.8	8.8
Yarmouth	13.8	12.7	13.0	12.6	11.8	11.3	12.3	9.6
<b>New Brunswick</b>								
Fredericton-Moncton-St John	10.1	8.3	8.5	8.5	6.6	6.6	7.0	7.1
Restigouche/Charlotte	16.0	15.6	15.4	14.6	14.3	13.8	13.8	13.3
<b>Quebec</b>								
Eastern Quebec	17.4	18.1	14.8	13.6	13.4	13.9	13.4	13.8
Quebec	9.0	8.4	8.1	8.0	8.8	8.6	8.7	8.6
Trois-Rivières	13.9	12.6	13.7	12.8	12.2	11.4	9.6	9.9
Quebec Centre South	7.0	8.9	7.0	7.4	7.6	7.1	5.9	5.3
Sherbrooke	11.0	11.4	9.5	9.9	9.9	9.0	9.7	8.7
Montréal	7.6	8.3	8.6	8.8	8.7	8.4	8.0	6.3
Montreal	9.5	10.3	9.3	9.5	9.6	8.9	7.4	7.1
Central Quebec	12.4	11.6	11.7	10.8	11.1	11.3	10.6	11.1
Western Quebec	17.8	16.4	14.4	14.3	16.8	13.4	13.3	14.8
Northern Quebec	18.3	17.6	18.1	15.4	16.7	17.3	15.4	17.0
Hull	11.2	9.1	8.5	6.1	7.1	7.6	7.4	6.1
Chicoutimi-Jonquière	14.0	12.0	11.1	10.5	12.8	11.4	10.9	10.3
<b>Ontario</b>								
Ottawa	5.8	6.5	5.9	5.9	7.6	7.1	5.2	5.9
Eastern Ontario	6.7	7.7	8.5	8.0	8.3	8.6	8.1	7.8
North Central Ontario	9.3	7.6	7.2	7.4	7.0	7.2	6.5	6.3
Oshawa	7.4	7.9	6.5	6.4	6.6	6.0	5.4	5.6
Toronto	6.9	6.9	6.8	6.2	6.8	6.3	5.5	5.4
Hamilton	5.4	4.6	5.5	5.0	4.1	5.7	5.1	4.5
St. Catharines	9.0	7.9	6.7	6.7	6.6	6.8	7.4	5.9
London	6.2	5.9	6.0	6.9	7.4	7.4	5.7	5.6
Niagara	8.3	9.1	7.6	6.9	8.9	8.6	5.9	7.5
Windsor	8.1	10.0	9.0	7.2	5.7	6.3	7.2	5.9
Kitchener	6.4	6.9	6.0	6.5	7.0	4.9	5.1	5.4
Huron	7.7	9.0	8.9	6.0	6.4	7.0	6.7	5.4
South Central Ontario	5.5	6.0	5.1	5.2	5.3	4.1	3.8	3.7
Sudbury	11.4	10.9	11.9	10.4	11.1	10.5	8.8	8.7
Thunder Bay	9.2	9.0	8.9	8.9	9.5	8.7	6.2	6.0
Northern Ontario	16.3	15.1	15.0	14.2	14.0	11.8	11.2	12.5

Unemployment Rates by EI Region<sup>1</sup> (cont'd)

	June 1998	Sept. 1998	Dec. 1998	March 1999	June 1999	Sept. 1999	Dec. 1999	March 2000
<b>Manitoba</b>								
Winnipeg	5.7	5.9	5.8	5.6	5.5	5.9	5.7	5.7
Southern Manitoba	5.9	6.1	6.2	5.7	5.6	6.3	5.4	5.7
Northern Manitoba	22.6	25.1	24.0	21.5	21.7	21.5	19.2	22.2
<b>Saskatchewan</b>								
Regina	5.1	5.4	6.2	6.0	5.4	5.6	5.4	4.7
Saskatoon	6.9	8.2	6.8	6.9	6.9	7.1	6.2	4.9
Southern Saskatchewan	6.5	6.9	7.0	7.6	7.7	6.4	6.6	5.8
Northern Saskatchewan	15.6	16.3	14.9	12.9	13.5	12.9	13.2	13.2
<b>Alberta</b>								
Calgary	5.0	5.5	5.9	5.2	5.5	6.2	5.5	4.8
Edmonton	6.1	6.1	6.6	6.1	6.1	6.3	5.6	5.4
Alberta	6.9	7.4	7.5	7.8	8.0	7.3	6.6	6.9
<b>British Columbia</b>								
Southern Interior BC	9.2	9.6	9.2	9.4	10.9	9.5	9.2	9.4
Vancouver	9.1	8.1	6.8	7.3	7.9	8.4	7.4	6.3
Victoria	9.6	9.7	8.2	6.6	7.5	7.0	6.2	6.5
Southern Coastal BC	10.5	8.8	9.5	9.4	9.0	9.2	9.1	8.8
Northern BC	12.6	13.3	14.2	13.3	12.0	12.0	10.8	10.6
<b>Yukon/NWT/Nunavut<sup>2</sup></b>								
Northern Territories <sup>3</sup>	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
<b>CANADA</b>	<b>8.4</b>	<b>8.7</b>	<b>8.4</b>	<b>8.1</b>	<b>8.4</b>	<b>7.6</b>	<b>7.6</b>	<b>7.2</b>

Source: Labour Force Survey

1. Shaded regions indicate those that participated in the original small weeks adjustment projects, as well as the additional regions of Hull, Quebec and Sudbury, Ontario.

2. Nunavut - as of April 1, 1999.

3. Northern Territories - rate is set at 25% for EI purposes.

# Total Income Benefits

	New Claims <sup>1</sup>				Average Weekly Benefit <sup>2</sup>				Amount Paid <sup>3</sup>			
	1999/ 2000 (000)	Percentage Change			1999/ 2000 (\$)	Percentage Change			1999/ 2000 (\$M)	Percentage Change		
		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96
<b>Province/Territory<sup>4</sup></b>		1999/00	1998/99	1997/98		1999/00	1998/99	1997/98		1999/00	1997/98	1995/96
Newfoundland/Labrador	85	-2.9	8.6	-5.9	271	2.5	0.1	-3.0	593.5	0.4	6.9	-6.3
Prince Edward Island	23	-4.1	1.7	-2.6	258	2.1	0.9	-3.5	142.8	-4.5	1.5	-6.6
Nova Scotia	85	-1.1	-1.5	-11.8	267	1.9	1.8	-1.2	473.4	-3.3	2.8	-16.7
New Brunswick	93	-2.4	0.1	-8.6	261	2.6	0.3	-3.3	533.0	-5.9	4.0	-15.1
Quebec	546	-2.2	-5.4	-11.1	274	0.8	1.1	0.5	2,903.3	-6.1	-2.7	-16.3
Ontario	442	-9.1	-1.5	-19.3	300	1.4	2.2	0.4	2,322.0	-10.5	-5.8	-15.9
Manitoba	54	-6.2	5.3	-15.2	274	3.0	3.1	1.1	268.5	-1.4	4.1	-16.8
Saskatchewan	43	-9.5	14.6	-17.7	281	-0.4	4.6	3.2	226.7	-5.8	23.4	-19.4
Alberta	128	-14.0	20.0	-21.4	295	-2.3	5.5	1.7	712.0	-5.3	28.4	-32.1
British Columbia	207	-12.1	0.1	-10.0	297	-0.4	0.6	0.0	1,179.2	-13.2	6.9	-11.5
Northwest Territories	4	-4.2	13.0	-14.6	337	-1.0	2.2	2.2	28.3	-2.5	16.4	-13.7
Yukon	3	-1.4	-12.0	3.3	343	2.4	-1.6	3.8	21.5	-12.6	7.4	0.8
<b>Sex</b>												
Men	915	-9.8	1.6	-13.9	314	0.3	1.4	-0.8	5,461.6	-10.5	4.0	-17.8
Women	798	-2.6	-1.7	-13.9	250	2.3	2.1	1.3	3,942.6	-2.9	-2.1	-13.6
<b>Age</b>												
Under 25	229	-6.8	3.4	-20.9	230	1.5	4.6	2.0	982.7	-6.4	6.7	-22.8
25 to 44	1,004	-8.0	-0.5	-15.2	294	0.8	2.2	-0.5	5,762.9	-7.8	0.6	-17.5
45 to 54	321	-4.1	0.7	-6.3	292	-0.2	0.9	-1.1	1,739.8	-6.7	2.1	-9.3
55 and over	160	-2.3	-2.1	-8.1	283	-0.3	0.1	-0.6	918.9	-7.4	0.6	-11.6
<b>EI History<sup>5</sup></b>												
First-Time Claimants	636	-3.2	6.1	-10.0	273	0.7	1.5	1.8	3,561.3	-3.0	5.2	-11.0
Occasional Claimants	517	-7.2	-0.7	-20.2	275	1.0	4.0	0.9	2,688.4	-7.3	0.8	-21.4
Frequent Claimants	561	-9.7	-5.0	-11.7	305	0.5	1.2	-2.6	3,154.5	-12.1	-1.5	-16.3
<b>NATIONAL</b>	<b>1,714</b>	<b>-6.6</b>	<b>0.1</b>	<b>-13.9</b>	<b>284</b>	<b>0.6</b>	<b>1.9</b>	<b>0.0</b>	<b>9,404.2</b>	<b>-7.4</b>	<b>1.5</b>	<b>-16.1</b>

Source: EI Administrative Data

1. Includes claims on which at least \$1 of EI benefits was paid.

2. Revised average weekly benefit data for 1998/99.

3. Amount paid represents benefit payments under regular, fishing, special (sickness, maternity, parental/adoptive), employment (Section 25 of EI Act) and \$9.9 M in worksharing benefits. Payments under Part II of the EI Act are not included.

4. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories data.

5. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Frequent claimants are defined as individuals who have had fewer than three active claims in the five years prior to their current claim. Occasional claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.



## Total Income Benefits by Industry

	1999/2000 (\$M)	Percentage Change		
		1998/99 1999/00	1997/98 1998/99	1995/96 1997/98
<b>Primary</b>				
Agriculture	206	-8.7	4.2	-17.2
Fishing and Trapping	107	-7.1	70.4	-12.9
Fish Harvesting (self-employed) <sup>1</sup>	235	-1.3	1.8	1.2
Logging and Forestry	271	-17.1	11.9	-5.9
Mining	187	-25.7	52.2	-10.3
<b>Manufacturing</b>	1,580	-5.9	1.9	-18.8
<b>Construction</b>	1,379	-12.8	1.4	-21.4
<b>Transportation, Storage and Communications</b>				
Transportation and Storage	376	-9.3	2.0	-8.3
Communications	173	-6.0	-10.1	-2.9
<b>Trade and Commerce</b>				
Wholesale Trade <sup>2</sup>	469	-28.6	9.1	8.2
Retail Trade	679	-5.2	-3.4	-22.0
<b>Finance, Insurance and Real Estate</b>				
Finance and Insurance	247	4.6	-16.2	2.5
Real Estate	112	-11.9	7.7	-18.7
<b>Community, Business and Personal Services</b>				
Business Services	631	-5.5	9.9	-11.0
Education	495	2.1	-9.5	-13.6
Health and Social Services	547	-7.4	-10.4	-14.5
Accommodation, Food and Beverage Services	439	-7.0	-4.3	-10.6
Other Services	601	-11.8	8.2	-15.2
<b>Public Administration</b>				
Government Services <sup>2</sup>	542	44.4	-7.4	-46.7
<b>Unclassified</b>	126	-5.8	-7.9	-4.0
<b>ALL INDUSTRIES</b>	<b>9,404</b>	<b>-7.4</b>	<b>1.5</b>	<b>-16.1</b>

Source: EI Administrative Data

1. Includes fishing benefits paid to self-employed fishers as well as other types of benefits collected by these claimants, such as special benefits and employment benefits (Part II).

2. There were changes to the process for assigning classification codes in these sectors that affect results reported.



# Regular Benefits

	New Claims <sup>1</sup>				Average Weekly Benefit				Amount Paid <sup>2</sup>			
	1999/ 2000 (000)	Percentage Change			1999/ 2000 (\$)	Percentage Change			1999/ 2000 (\$M)	Percentage Change		
		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96
<b>Province/Territory<sup>3</sup></b>												
Newfoundland/Labrador	69	-3.9	7.7	-10.0	257	0.4	-0.9	-2.7	453.8	0.0	4.6	-10.0
Prince Edward Island	19	-6.4	0.6	-1.8	245	1.4	0.7	-2.2	106.3	-8.3	2.6	-7.0
Nova Scotia	70	-1.6	-1.0	-14.1	262	2.4	3.1	-0.3	366.0	-4.0	5.3	-19.0
New Brunswick	80	-4.2	0.1	-11.1	260	2.6	0.1	-3.1	442.6	-7.6	3.5	-17.0
Quebec	470	-3.2	-5.4	-14.0	275	0.8	0.9	0.8	2,368.9	-6.6	-4.5	-17.0
Ontario	319	-13.0	-3.4	-23.7	301	1.4	2.5	1.1	1,521.9	-15.4	-8.8	-19.0
Manitoba	41	-7.8	4.3	-20.0	277	2.1	4.5	1.8	184.5	-4.1	6.5	-22.0
Saskatchewan	34	-10.9	15.8	-22.6	285	-1.1	4.4	5.2	170.1	-6.1	28.4	-24.0
Alberta	94	-18.6	25.6	-29.8	301	-2.8	6.4	3.1	501.9	-8.2	39.1	-41.0
British Columbia	161	-13.7	-2.3	-13.0	298	-0.4	0.7	0.4	871.0	-14.9	6.4	-13.0
Northwest Territories	3	-2.4	19.4	-23.2	333	-1.6	1.0	3.1	21.5	-0.9	24.8	-19.2
Yukon	2	-8.3	-11.3	2.2	342	1.4	-1.6	4.7	17.8	-18.3	13.1	0.7
<b>Sex</b>												
Men	806	-11.0	1.5	-16.2	313	0.1	1.4	-0.7	4,704.4	-11.2	3.4	-19.0
Women	555	-4.7	-3.8	-19.5	240	2.2	1.8	2.0	2,321.7	-5.4	-5.3	-18.0
<b>Age</b>												
Under 25	177	-9.4	3.2	-27.2	234	1.1	4.9	3.1	693.4	-9.1	5.9	-28.0
25 to 44	769	-10.5	-1.2	-19.3	292	0.5	2.3	-0.1	4,032.8	-10.2	-0.5	-21.0
45 to 54	279	-5.0	0.0	-8.0	292	-0.3	0.9	-1.1	1,500.8	-7.8	1.5	-10.0
55 and over	136	-2.7	-3.7	-9.6	283	-0.4	0.0	-0.2	799.2	-8.5	-0.8	-12.0
<b>EI History<sup>4</sup></b>												
First-Time Claimants	405	-6.5	6.4	-16.9	267	0.5	1.8	3.6	2,137.8	-5.6	4.5	-15.0
Occasional Claimants	431	-8.4	-1.0	-23.7	275	0.6	3.9	1.1	2,094.5	-8.3	-0.2	-24.0
Frequent Claimants	526	-10.1	-5.0	-12.7	303	0.3	1.2	-2.4	2,793.8	-12.8	-1.7	-17.0
<b>NATIONAL</b>	<b>1,361</b>	<b>-8.5</b>	<b>-0.6</b>	<b>-17.6</b>	<b>283</b>	<b>0.4</b>	<b>1.9</b>	<b>0.5</b>	<b>7,026.1</b>	<b>-9.4</b>	<b>0.5</b>	<b>-19.0</b>

Source: EI Administrative Data

1. Includes claims on which at least \$1 of regular benefits was paid.

2. Amount paid includes Family Supplement top-ups paid to regular claimants.

3. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories data.

4. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had fewer than three active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

# Distribution of Claims for Regular Benefits by Duration of Insured Employment

	New Claims <sup>1</sup> 1999/2000				Percentage Change 1998/99 - 1999/00			Percentage Change 1997/98 <sup>2</sup> - 1998/99			Percentage Change 1995/96 - 1997/98		
	Short spells <sup>3</sup>	Medium spells <sup>4</sup>	Long spells <sup>5</sup>		Short spells <sup>3</sup>	Medium spells <sup>4</sup>	Long spells <sup>5</sup>	Short spells <sup>3</sup>	Medium spells <sup>4</sup>	Long spells <sup>5</sup>	Short spells <sup>3</sup>	Medium spells <sup>4</sup>	Long spells <sup>5</sup>
<b>Province/Territory<sup>6</sup></b>													
Newfoundland/Labrador	8,390	17,400	43,580		-13.6	-6.8	-0.6	7.5	10.3	6.7	-56.4	-12.5	19.2
Prince Edward Island	1,790	4,130	13,310		-19.7	-5.3	-4.7	1.4	-11.4	4.9	-66.0	-17.0	58.6
Nova Scotia	5,290	13,070	51,150		1.0	-7.2	-0.3	-6.9	5.0	-1.9	-59.4	-36.9	9.0
New Brunswick	5,180	18,770	56,160		-18.9	-6.3	-1.9	-10.1	3.8	0.1	-70.8	-24.8	29.9
Quebec	24,890	81,560	363,260		-5.8	-0.8	-3.5	-2.3	3.9	-7.4	-47.2	-42.1	-0.4
Ontario	11,950	46,020	260,620		-13.6	-12.2	-13.1	10.5	7.7	-5.7	-41.7	-48.0	-16.8
Manitoba	2,110	7,210	31,210		13.4	-2.2	-10.1	18.5	15.5	1.6	-52.0	-49.2	-7.2
Saskatchewan	1,180	5,160	27,550		-18.6	-9.0	-10.9	79.0	9.9	15.0	-62.1	-50.9	-9.8
Alberta	3,130	13,640	77,700		-8.5	-12.8	-19.9	13.2	16.4	27.7	-52.1	-53.3	-21.3
British Columbia	7,990	28,320	124,240		-10.2	-10.9	-14.5	-4.9	6.6	-3.9	-36.2	-36.9	-3.6
Northwest Territories	190	500	2,200		-26.9	16.3	-3.1	73.3	22.9	14.6	-42.3	-59.3	-6.2
Yukon	100	330	1,880		-23.1	-15.4	-6.0	18.2	-17.0	-11.5	-54.2	-40.5	29.1
<b>Sex</b>													
Men	38,840	129,860	637,490		-11.1	-9.3	-11.3	-3.4	3.3	1.5	-56.3	-46.0	0.4
Women	33,350	106,250	415,370		-7.8	-3.3	-4.8	8.4	10.6	-7.7	-45.9	-32.3	-13.1
<b>Age</b>													
Under 25	7,980	30,460	138,710		-4.0	-4.7	-10.7	-10.5	7.4	3.2	-58.0	-59.4	-8.8
25 to 44	39,780	127,460	601,440		-11.9	-8.6	-10.8	-0.4	3.6	-2.1	-53.4	-41.5	-8.1
45 to 54	15,430	49,360	214,080		-9.7	-6.2	-4.4	10.5	12.3	-3.2	-45.8	-28.3	2.7
55 and over	9,000	28,830	98,630		-3.1	-0.7	-3.2	9.7	8.6	-7.8	-50.2	-22.6	0.8
<b>EI History<sup>7</sup></b>													
First-Time Claimants	6,980	44,570	353,470		-4.6	-0.8	-7.2	25.1	45.0	2.9	-30.8	-63.7	-6.6
Occasional Claimants	29,410	78,230	322,940		-1.6	-3.1	-10.2	6.3	6.3	-3.1	-41.9	-43.0	-15.9
Frequent Claimants	35,800	113,310	376,450		-16.0	-11.1	-9.3	-4.4	-2.8	-5.7	-58.8	-29.1	6.8
<b>NATIONAL</b>	<b>72,190</b>	<b>236,110</b>	<b>1,052,860</b>		<b>-9.6</b>	<b>-6.7</b>	<b>-8.9</b>	<b>1.6</b>	<b>6.3</b>	<b>-2.2</b>	<b>-52.4</b>	<b>-41.0</b>	<b>-5.5</b>

Source: EI Administrative Data

1. Includes claims on which at least \$1 of regular benefits was paid.

2. Based on updated figures for 1997/98.

3. Short spells - duration of insured employment is at the minimum entrance requirement or up to two weeks above the minimum entrance requirement.

4. Medium spells - duration of insured employment is greater than two weeks over the minimum entrance requirement but less than six months over the minimum entrance requirement.

5. Long spells - duration of insured employment is at least six months over the minimum entrance requirement.

6. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories data.

7. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had fewer than three active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

## Fishing Benefits

	New Claims <sup>1</sup>				Average Weekly Benefit				Amount Paid <sup>2</sup>			
	1999/ 2000	Percentage Change			1999/ 2000	Percentage Change			1999/ 2000	Percentage Change		
		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96
Province/Territory <sup>3</sup>	1999/ 2000	1998/99	1997/98	1995/96	1999/ 2000	1998/99	1997/98	1995/96	1999/ 2000	1998/99	1997/98	1995/96
		1999/00	1998/99	1997/98		1999/00	1998/99	1997/98		1999/00	1998/99	1997/98
Newfoundland/Labrador	10,855	4.6	12.8	29.1	371	10.2	3.7	-13.1	93.9	7.8	17.6	17.9
Prince Edward Island	2,054	3.9	5.3	-18.4	379	-0.1	-0.8	-6.6	19.3	6.4	0.3	-18.2
Nova Scotia	4,178	-14.2	-27.3	-1.8	368	-1.5	-2.4	-9.3	36.9	-11.4	-21.0	-9.9
New Brunswick	2,691	1.5	6.1	1.9	377	-0.7	-1.3	-6.1	20.1	-3.4	-0.6	-13.5
Quebec	1,238	0.5	-7.0	9.8	375	0.0	-0.3	-10.9	10.0	-5.7	-13.0	-6.0
Ontario	123	24.2	-28.8	-10.9	345	4.9	-6.5	-4.6	1.2	35.1	-32.8	-30.9
Manitoba	651	17.9	6.8	-7.8	343	3.5	8.9	-7.9	5.9	24.1	22.2	6.2
Saskatchewan	107	-3.6	33.7	56.6	323	4.1	9.5	-14.5	0.7	-5.5	35.5	6.5
Alberta/NWT <sup>4</sup>	77	-24.5	3.0	41.4	349	2.5	-3.4	-8.3	0.9	56.9	-12.6	137.1
British Columbia/Yukon <sup>4</sup>	3,464	-16.1	-8.8	5.9	337	-0.6	-4.5	-2.7	28.1	-14.1	6.6	-3.7
Sex												
Men	21,899	-4.5	-4.6	9.5	371	3.2	-1.1	-9.5	188.6	-1.9	0.0	-1.0
Women	3,539	12.0	7.9	-4.3	338	9.9	2.7	-10.4	28.4	9.8	12.7	-7.0
Age												
Under 25	2,092	5.8	-16.9	-5.9	356	4.6	-2.3	-5.2	17.8	11.2	-15.5	-6.6
25 to 44	13,191	-3.3	-6.6	6.0	369	2.8	0.0	-9.6	112.0	-2.7	0.5	-3.2
45 to 54	6,647	-1.4	4.9	15.2	368	5.3	-1.4	-10.6	55.6	0.7	5.5	2.8
55 and over	3,508	-6.3	4.9	13.4	359	4.0	-2.0	-10.7	31.5	-0.2	8.3	0.1
El History <sup>5</sup>												
First-Time Claimants	1,447	-55.0	57.5	136.6	350	9.1	4.6	-5.8	13.9	6.2	21.3	93.5
Occasional Claimants	4,996	-13.2	48.1	9.4	358	6.6	3.7	-9.2	40.7	15.1	25.8	35.8
Frequent Claimants	18,995	10.9	-18.6	2.1	370	1.3	-0.5	-8.7	162.4	-4.2	-3.8	-8.5
NATIONAL	25,438	-2.5	-3.2	7.8	366	3.7	-0.8	-9.4	217.0	-0.5	1.3	-1.7

Source: El Administrative Data

1. Includes claims on which at least \$1 of fishing benefits was paid.
2. Amount paid includes Family Supplement top-ups paid to fishing claimants.
3. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are from 1999 onwards.
4. Due to the small population, the territories have not been separated out for analysis.
5. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim.
6. Active claimants are defined as individuals who did not have a claim in the five years prior to their current claim.

3. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories (NWT) data.

4. Due to the small population, the territories have not been separated out for the analysis.

5. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had fewer than three active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.



Frequent Claimants<sup>1</sup>

	New Claims <sup>2</sup>				Average Weekly Benefit				Amount Paid			
	1999/ 2000	Percentage Change			1999/ 2000 (\$)	Percentage Change			1999/ 2000 (\$M)	Percentage Change		
		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96
Province/Territory <sup>3</sup>		1999/00	1998/99	1997/98		1999/00	1998/99	1997/98		1999/00	1998/99	1997/98
Newfoundland/Labrador	46,922	-5.4	3.5	-11.9	295	1.2	1.8	-1.8	335.0	-9.0	4.7	-10.9
Prince Edward Island	12,095	-4.8	-7.3	-3.5	276	2.5	-1.2	-3.5	81.3	-5.0	-0.6	-2.4
Nova Scotia	37,562	-9.7	-3.9	-11.3	284	1.7	2.8	-3.9	213.4	-13.2	5.5	-21.4
New Brunswick	51,213	-2.1	-5.8	-7.7	282	1.4	1.8	-6.1	310.5	-9.4	3.1	-17.0
Quebec	207,297	-8.8	-7.9	-7.4	304	-0.2	0.7	-0.9	1,121.1	-12.6	-4.6	-12.2
Ontario	92,590	-15.6	-7.7	-17.2	329	1.5	1.0	-0.9	402.0	-19.6	-8.2	-16.8
Manitoba	13,858	-6.4	-5.1	-20.8	305	-0.1	4.0	3.2	68.8	-6.1	20.1	-27.9
Saskatchewan	10,252	-13.1	5.4	-21.1	313	0.0	2.9	-1.3	53.7	-7.4	13.3	-29.8
Alberta/NWT <sup>4</sup>	22,548	-12.6	7.9	-29.1	341	-1.3	6.3	-4.9	109.9	-19.2	22.6	-39.3
British Columbia/Yukon <sup>4</sup>	54,358	-6.8	-8.6	-7.7	326	-0.6	-0.8	-3.6	271.0	-17.0	3.5	-12.7
<b>Sex</b>												
Men	362,964	-11.3	-3.4	-13.0	340	0.4	0.0	-2.5	2,301.8	-14.1	1.5	-15.9
Women	185,731	-4.8	-10.3	-8.7	243	1.8	2.4	0.0	664.8	-10.2	-6.5	-14.8
<b>Age</b>												
Under 25	18,511	-15.1	0.5	-33.4	282	0.0	1.3	-2.5	100.0	-14.4	-2.5	-38.9
25 to 44	309,504	-12.4	-10.0	-13.6	314	1.0	1.6	-1.8	1,714.3	-16.5	-2.2	-17.0
45 to 54	145,036	-5.3	1.2	-4.3	304	-1.2	1.4	-4.0	738.9	-9.0	2.4	-8.9
55 and over	75,644	-0.2	1.1	-5.1	293	0.5	-0.6	-0.8	413.5	-5.1	4.7	-11.3
<b>Seasonality<sup>5</sup></b>												
Seasonal	438,495	-6.5	-3.9	-10.0	310	0.6	0.6	-4.0	2,365.2	-11.3	1.9	-15.4
Non-seasonal	110,200	-18.4	-11.5	-16.3	297	0.1	3.1	-1.6	601.5	-20.1	-7.6	-15.7
<b>NATIONAL</b>	<b>548,695</b>	<b>-9.2</b>	<b>-5.7</b>	<b>-11.6</b>	<b>307</b>	<b>0.3</b>	<b>1.2</b>	<b>-2.1</b>	<b>2,966.7</b>	<b>-13.2</b>	<b>-0.3</b>	<b>-15.6</b>

Source: El Administrative Data

1. This includes both regular and fishing claims.

2. Includes claims on which at least \$1 of regular or fishing benefits was paid.

3. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories (NWT) data.

4. Due to the small population, the territories have not been separated out for the analysis.

5. Individuals who started previous claims at about the same time of the year as their current claim are considered seasonal claimants.



# Special Benefits<sup>1</sup>

## New Claims<sup>2</sup>

## Amount Paid

	1999/2000	Percentage Change			1999/2000 (\$M)	Percentage Change		
		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96
Province/Territory <sup>3</sup>								
Newfoundland/Labrador	6,750	-7.3	19.1	5.3	24.3	-1.6	12.6	3.1
Prince Edward Island	2,590	13.6	-5.0	18.2	8.5	13.8	-13.8	38.8
Nova Scotia	14,030	4.4	8.1	-4.6	50.0	8.3	5.4	-2.5
New Brunswick	15,080	11.7	4.5	6.8	48.5	11.4	6.0	7.7
Quebec	110,290	8.7	5.8	-3.7	416.5	6.4	7.1	-4.3
Ontario	139,780	1.9	3.0	-4.0	699.6	2.5	2.8	-2.9
Manitoba	13,910	-2.2	9.0	-1.8	59.0	4.8	1.8	-0.2
Saskatchewan	10,170	-2.6	2.8	2.4	43.3	-2.1	6.3	1.3
Alberta	35,380	0.5	5.6	5.3	158.1	5.0	4.2	8.9
British Columbia	52,150	-1.6	4.7	-5.4	224.0	-2.0	6.0	0.8
Northwest Territories	770	-13.5	1.1	0.0	4.4	-18.0	2.5	1.6
Yukon	510	50.0	-10.5	8.6	2.4	49.8	-22.9	24.8
<b>Sex</b>								
Men	102,210	4.6	8.5	-3.9	280.5	5.8	11.5	3.1
Women	299,200	2.6	3.6	-2.1	1,458.2	2.9	3.3	-1.7
<b>Age</b>								
Under 25	49,010	3.5	6.4	8.4	158.2	6.6	13.2	8.4
25 to 44	270,060	2.5	3.0	-4.2	1,359.3	2.5	2.7	-2.3
45 to 54	52,820	5.9	11.0	-1.3	138.9	8.7	9.0	5.4
55 and over	29,520	2.9	9.4	-4.4	82.3	3.2	13.8	-3.1
<b>NATIONAL</b>	<b>401,410</b>	<b>3.1</b>	<b>4.8</b>	<b>-2.5</b>	<b>1,738.7</b>	<b>3.3</b>	<b>4.5</b>	<b>-1.0</b>

Source: EI Administrative Data

1. For a breakdown of maternity, parental and sickness benefits, please see tables 2.9, 2.10, 2.11 and 2.12.

2. Includes claims on which at least \$1 of maternity, parental or sickness benefits were paid.

3. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories data.

## Maternity Benefits

	New Claims <sup>1</sup>				Average Number of Weeks Paid				Average Weekly Benefit				Amount Paid			
	1999/ 2000	Percentage Change			1999/ 2000	Percentage Change			1999/ 2000 (\$)	Percentage Change			1999/ 2000 (\$M)	Percentage Change		
		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96
Province/Territory <sup>2</sup>	1999/00	1998/99	1997/98	1995/96	1999/00	1998/99	1997/98	1995/96	1999/00	1998/99	1997/98	1995/96	1999/00	1998/99	1997/98	1995/96
Newfoundland/Labrador	2,340	-2.5	7.1	12.0	14.4	2.9	-2.0	-0.7	245	-5.9	-0.9	-7.3	8.9	3.7	-3.8	8.7
Prince Edward Island	920	17.9	-22.0	51.5	14.1	-2.1	2.1	-1.7	262	9.3	1.4	-5.4	3.2	6.5	-16.4	51.8
Nova Scotia	5,070	2.4	4.9	8.3	14.3	0.0	0.2	-1.6	258	4.4	5.4	-8.7	18.7	6.7	9.5	-4.9
New Brunswick	4,290	15.0	-7.4	18.5	14.3	1.4	-2.2	1.0	250	4.8	-0.8	-5.2	15.5	16.5	-3.8	8.2
Quebec	40,890	3.3	-0.4	-6.7	14.5	0.7	0.3	-0.6	275	2.6	2.5	-3.4	162.0	3.0	2.5	-8.5
Ontario	72,750	2.4	-1.1	0.1	14.5	0.0	0.4	-0.9	300	1.8	0.2	-3.6	316.6	2.0	0.6	-4.0
Manitoba	6,510	-3.3	5.3	3.4	14.4	-1.4	1.0	-0.1	258	5.6	-2.6	-4.3	24.9	3.4	1.7	-2.0
Saskatchewan	5,390	1.9	-1.3	4.3	14.4	0.0	-0.6	0.0	262	5.7	0.2	-6.5	19.6	-0.2	2.0	-1.0
Alberta	17,240	-1.1	2.1	6.7	14.5	0.0	1.1	-0.3	268	2.1	0.9	-5.7	67.9	3.9	0.4	5.4
British Columbia	19,680	-7.5	6.0	1.6	14.4	-0.7	0.4	-0.6	287	1.4	1.6	-5.7	82.3	-7.7	8.0	-0.4
Northwest Territories	480	-5.9	-10.5	1.8	14.4	-2.7	9.8	-4.8	341	-1.1	3.6	-3.4	2.3	-10.4	-7.1	2.8
Yukon	240	33.3	-14.3	31.3	14.7	2.8	4.8	-0.5	351	19.9	-3.3	-4.5	1.1	33.2	-21.0	44.3
Age																
Under 25	27,890	0.6	8.0	24.6	14.2	-0.1	0.5	-1.0	187	3.1	4.5	-10.0	75.8	3.9	14.4	10.6
25 and over	147,910	1.2	-0.9	-2.9	14.5	0.0	0.4	-0.5	302	2.1	1.1	-2.6	647.1	1.3	0.6	-4.3
NATIONAL	175,800	1.1	0.4	0.4	14.5	0.0	0.4	-0.6	283	2.2	0.9	-4.4	722.9	1.6	1.9	-3.1

Source: EI Administrative Data

1. Includes claims on which at least \$1 of maternity benefits was paid.

2. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories data.

# Parental Benefits (Biological)

	New Claims <sup>1</sup>			Average Number of Weeks Paid			Average Weekly Benefit			Amount Paid		
	1999/ 2000	Percentage Change			1999/ 2000	Percentage Change			1999/ 2000	1999/ 2000	Percentage Change	
		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96			1998/99	1997/98
Province/Territory <sup>2</sup>		1999/00	1998/99	1997/98		1999/00	1998/99	1997/98			1999/00	1998/99
Newfoundland/Labrador	2,090	-3.7	3.8	13.6	8.9	-2.2	1.3	-1.9	258		5.3	-0.8
Prince Edward Island	780	8.3	-14.3	31.3	9.1	3.4	-0.3	-2.9	283		7.3	-9.0
Nova Scotia	4,700	5.4	5.2	1.4	8.8	0.0	-1.8	-2.4	267		20.3	1.6
New Brunswick	3,980	21.0	-11.6	16.3	8.7	1.2	-3.7	-4.1	264		3.6	0.0
Quebec	39,430	2.2	1.0	-9.0	8.9	0.0	-0.7	-4.0	284		1.3	2.5
Ontario	70,750	2.6	0.4	-2.6	9.2	0.0	-0.6	-2.3	309		1.4	1.4
Manitoba	6,300	-2.6	4.2	3.8	9.2	0.0	-1.0	-1.3	271		6.7	-2.2
Saskatchewan	5,170	3.4	-2.5	5.6	9.0	-3.2	-1.0	0.2	269		12.4	-4.8
Alberta	16,130	-0.8	3.8	5.4	9.1	0.0	-0.8	-2.4	278		7.2	-0.9
British Columbia	19,030	-7.6	8.0	-0.8	9.1	0.0	0.0	-3.2	301		-1.9	5.1
Northwest Territories	430	-17.3	8.3	0.0	9.5	4.4	1.1	-5.7	339		-18.0	5.1
Yukon	230	53.3	-16.7	20.0	9.6	-3.0	8.3	2.0	354		34.4	-33.3
<b>Sex</b>												
Men	9,030	8.0	9.0	-4.5	7.9	3.9	-3.9	3.4	362		9.7	9.8
Women	159,990	0.7	1.3	-1.9	9.1	0.0	-0.4	-3.0	290		1.6	1.4
<b>Age</b>												
Under 25	24,050	-0.2	8.4	18.0	8.8	0.0	-0.5	-3.7	200		4.0	15.1
25 and over	144,970	1.3	0.6	-4.6	9.1	0.1	-0.7	-2.4	309		1.8	0.6
<b>NATIONAL</b>	<b>169,020</b>	<b>1.1</b>	<b>1.6</b>	<b>-2.0</b>	<b>9.1</b>	<b>0.0</b>	<b>-0.7</b>	<b>-2.8</b>	<b>294</b>		<b>2.0</b>	<b>1.8</b>
											<b>2.0</b>	<b>-2.0</b>

Source: El Administrative Data

1. Includes claims on which at least \$1 of parental benefits (biological) was paid.

2. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories data.

## Parental Benefits (Adoptive)

	New Claims¹				Average Number of Weeks Paid				Average Weekly Benefit				Amount Paid			
	1999/ 2000	Percentage Change			1999/ 2000	Percentage Change			1999/ 2000 (\$)	Percentage Change			1999/ 2000 (\$M)	Percentage Change		
		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96
<b>Province/Territory²</b>																
Newfoundland/Labrador	20	100.0	0.0	0.0	12.5	25.0	-33.3	36.4	249	-9.8	-33.2	-7.2	0.06	58.0	-19.3	9.8
Prince Edward Island	0	-100.0	-66.7	200.0	N/A	-100.0	60.8	-6.7	N/A	-100.0	-29.7	29.2	0.00	-100.0	-56.5	1035.2
Nova Scotia	30	0.0	50.0	0.0	11.7	13.6	-17.4	108.3	313	-24.2	28.1	-13.4	0.17	125.4	-26.9	105.6
New Brunswick	20	-50.0	-50.0	100.0	12.0	1.7	11.9	2.4	348	-4.5	25.4	14.3	0.12	-27.0	-20.6	52.2
Quebec	540	12.5	23.1	-40.0	11.4	-9.5	9.0	3.0	354	2.4	1.4	-3.5	2.17	9.4	12.7	-22.1
Ontario	470	-20.3	37.2	19.4	12.0	6.2	-4.6	0.9	379	6.3	-0.4	3.6	2.36	12.2	18.7	15.4
Manitoba	100	-33.3	36.4	120.0	10.3	0.0	2.4	0.9	314	13.9	9.4	-30.0	0.43	-3.5	71.8	21.4
Saskatchewan	40	300.0	-80.0	66.7	12.0	20.0	-9.1	0.0	398	-3.6	60.1	-21.5	0.19	290.1	-80.8	85.6
Alberta	180	-10.0	122.2	-18.2	10.2	2.0	-2.2	3.4	352	5.8	18.0	-13.0	0.64	6.6	84.4	-11.8
British Columbia	140	-41.7	84.6	-40.9	9.9	1.0	-17.9	29.8	319	-10.8	-7.3	15.2	0.46	-50.4	110.1	-32.3
Northwest Territories	60	-60.0	N/C	-100.0	8.5	-13.3	N/C	-100.0	313	0.2	N/C	-100.0	0.16	-60.2	445.6	-49.1
Yukon	0	0.0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00	N/A	N/A	N/A
<b>Sex</b>																
Men	190	-17.4	53.3	-34.8	8.9	8.5	-4.4	-11.7	373	1.4	-1.5	-3.7	0.46	-36.2	34.8	-22.7
Women	1,410	-16.1	41.2	-9.8	11.5	0.0	-2.0	7.2	350	3.5	3.1	-2.5	6.31	3.2	27.2	-1.3
<b>Age</b>																
Under 25	20	100.0	0.0	-66.7	7.0	75.0	-60.0	0.0	228	-44.8	105.5	-34.2	0.03	N/C	-100.0	-55.5
25 and over	1,580	-16.8	42.9	-12.5	11.2	0.6	-2.9	5.6	354	3.8	2.1	-3.1	6.74	-1.4	28.8	-3.3
<b>NATIONAL</b>	<b>1,600</b>	<b>-16.2</b>	<b>42.5</b>	<b>-13.5</b>	<b>11.2</b>	<b>0.9</b>	<b>-2.5</b>	<b>5.8</b>	<b>353</b>	<b>3.2</b>	<b>2.6</b>	<b>-3.2</b>	<b>6.77</b>	<b>-1.0</b>	<b>28.0</b>	<b>-3.9</b>

Source: El Administrative Data

N/A = not applicable

N/C = not calculated

1. Includes claims on which at least \$1 of parental benefits (adoptive) was paid.

2. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories data.



## Sickness Benefits

	New Claims¹				Average Number of Weeks Paid				Average Weekly Benefit				Amount Paid			
	1999/ 2000	Percentage Change			1999/ 2000	Percentage Change			1999/ 2000	Percentage Change			1999/ 2000	Percentage Change		
		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96		1998/99	1997/98	1995/96
Province/Territory²	1999/2000	1998/99	1997/98	1995/96	1999/2000	1998/99	1997/98	1995/96	1999/2000	1998/99	1997/98	1995/96	1999/2000	1998/99	1997/98	1995/96
Newfoundland/Labrador	5,010	-4.9	26.4	5.8	8.0	-3.6	6.7	-12.1	237	-4.0	4.3	-5.1	9.8	-9.4	41.2	-6.6
Prince Edward Island	1,900	22.6	-1.9	12.1	7.7	6.9	-11.2	-5.5	236	-3.4	8.2	-3.5	3.4	27.8	-12.7	13.2
Nova Scotia	9,550	4.5	9.6	-4.8	8.7	1.2	-4.3	1.9	244	2.4	2.2	-0.2	19.2	2.8	3.9	2.7
New Brunswick	11,540	11.7	11.3	4.3	8.5	0.0	0.4	2.6	241	0.4	3.5	-3.5	24.1	11.7	16.4	8.0
Quebec	68,560	13.8	9.9	0.4	8.6	1.2	1.6	0.7	254	0.7	2.4	1.0	149.3	14.3	17.3	9.2
Ontario	69,570	1.8	8.0	-4.7	9.4	2.2	-1.9	0.9	272	1.1	2.3	-1.4	176.3	4.6	8.7	-0.8
Manitoba	7,600	-1.0	15.0	-5.2	9.2	2.2	-0.6	-1.0	243	2.4	-0.8	-0.5	17.1	5.6	4.9	2.3
Saskatchewan	5,120	-5.5	8.8	1.2	8.7	-3.3	2.5	-2.3	242	0.8	3.3	-2.3	11.1	-3.4	14.4	5.2
Alberta	19,530	4.1	6.9	10.7	9.5	2.2	-1.8	1.0	255	-0.8	4.8	1.0	46.6	4.5	15.3	12.7
British Columbia	34,230	4.2	3.8	-7.5	9.3	1.1	0.5	0.0	274	1.7	0.7	-1.2	85.8	4.8	4.0	0.3
Northwest Territories	240	-11.1	-20.6	13.3	9.1	9.6	-12.6	25.0	344	-0.4	16.0	-9.4	0.6	-21.2	-9.2	2.2
Yukon	280	86.7	-16.7	-5.3	8.9	15.6	-4.8	5.6	321	2.9	3.0	-8.4	0.7	107.4	-9.7	-22.6
Sex																
Men	93,310	4.4	8.4	-3.7	8.9	1.1	-1.0	0.9	303	0.3	1.4	-0.7	254.7	5.6	11.6	3.3
Women	139,820	7.0	8.5	-0.4	9.1	1.1	-0.1	-0.2	232	1.4	3.0	0.1	289.4	8.4	10.5	3.5
Age																
Under 25	25,020	9.7	5.4	3.0	7.6	2.7	-2.3	1.2	198	1.1	4.7	-1.6	38.0	15.8	8.5	6.8
25 to 44	126,310	6.0	7.7	-2.0	8.7	1.2	0.1	1.1	266	0.9	2.1	-0.6	287.8	6.4	11.3	4.4
45 to 54	52,320	5.8	11.2	-1.5	9.6	2.1	-2.5	0.2	274	1.2	1.4	1.0	136.5	8.4	9.5	5.0
55 and over	29,480	3.1	9.7	-4.8	10.4	-1.0	1.3	-1.7	267	-0.2	2.1	-1.1	81.9	3.5	13.7	-3.5
NATIONAL	233,130	6.0	8.5	-1.8	9.0	1.1	-0.4	0.3	260	0.7	2.3	-0.5	544.1	7.1	11.0	3.4

Source: El Administrative Data

1. Includes claims on which at least \$1 of sickness benefits was paid.

2. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories data.

Family Supplement<sup>1</sup>

	New claims <sup>2</sup> with Supplement	% of all claims with Supplement	Average weekly top-up (\$)	Average weekly benefit (\$)	Amount Paid (\$000)	Share of total amount paid %	Amount Paid		
							% Change 1998/99	% Change 1999/00	% Change 1997/98
<b>Province/Territory<sup>3</sup></b>									% Change 1995/96 1997/98
Newfoundland/Labrador	11,130	13.1	43	262	12,760	7.9	20.9	62.5	18.1
Prince Edward Island	3,160	13.6	47	238	3,405	2.1	14.0	49.5	-7.3
Nova Scotia	10,790	12.8	44	246	9,183	5.7	16.9	33.7	-3.7
New Brunswick	12,710	13.7	45	248	11,963	7.4	11.2	50.6	7.9
Quebec	59,400	10.9	43	254	50,236	31.2	13.8	35.7	-9.1
Ontario	46,140	10.4	41	255	32,678	20.3	3.5	30.8	-10.9
Manitoba	7,780	14.3	47	257	6,654	4.1	1.9	63.4	-2.1
Saskatchewan	5,830	13.4	46	255	4,855	3.0	5.1	45.3	13.7
Alberta	14,330	11.2	42	239	10,457	6.5	7.3	41.9	-13.4
British Columbia	23,290	11.2	41	263	18,232	11.3	6.3	41.6	18.5
Northwest Territories	520	14.2	37	311	532	0.3	10.9	54.6	84.1
Yukon	250	9.1	42	348	253	0.2	32.1	18.7	72.8
<b>Sex</b>									
Men	67,170	7.3	45	302	60,180	37.3	2.7	49.2	54.8
Women	128,160	16.1	42	229	101,027	62.7	14.8	34.3	-21.2
<b>Age</b>									
Under 25	25,310	11.0	37	206	17,160	10.6	13.7	52.2	-4.5
25 to 44	148,110	14.7	44	261	128,311	79.6	10.1	39.8	-0.8
45 to 54	19,810	6.2	38	265	14,283	8.9	5.9	31.5	-13.6
55 and over	2,100	1.3	39	274	1,452	0.9	0.4	15.2	-43.2
<b>EI History<sup>4</sup></b>									
First-Time Claimants	83,680	13.2	41	232	64,240	39.8	18.8	52.1	-5.5
Occasional Claimants	63,120	12.2	43	256	52,251	32.4	7.1	29.7	-12.0
Frequent Claimants	48,530	8.6	47	291	44,716	27.7	2.3	38.3	12.2
<b>NATIONAL</b>	<b>195,330</b>	<b>11.4</b>	<b>43</b>	<b>254</b>	<b>161,207</b>	<b>100.0</b>	<b>10.0</b>	<b>39.9</b>	<b>-3.4</b>

Source: EI Administrative Data

1. Includes all claim types (regular, fishing, and special).

2. Includes claims on which at least \$1 of EI benefits was paid.

3. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories data.

4. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had fewer than three active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

# Working While on Claim<sup>1</sup>

	New claims		Percentage Change		As % of new regular claims	
	1998/99 <sup>2</sup>	1997/98	1996/97	1997/98 - 1998/99	1996/97 - 1997/98	1996/97
<b>Province/Territory<sup>3</sup></b>						
Newfoundland/Labrador	52,020	48,360	48,540	7.6	-0.4	71.7
Prince Edward Island	13,810	13,400	12,840	3.1	4.4	66.9
Nova Scotia	46,810	47,900	50,100	-2.3	-4.4	65.5
New Brunswick	58,790	58,820	58,610	-0.1	0.4	66.7
Quebec	296,140	316,310	345,080	-6.4	-8.3	70.0
Ontario	173,950	183,420	209,140	-5.2	-12.3	60.2
Manitoba	20,610	20,450	22,230	0.8	-8.0	46.7
Saskatchewan	19,700	17,230	18,840	14.3	-8.5	47.5
Alberta	57,720	47,060	55,650	22.7	-15.4	51.4
British Columbia	104,780	109,120	111,220	-4.0	-1.9	49.2
Northwest Territories	1,630	1,490	1,710	9.4	-12.9	55.6
Yukon	1,350	1,630	1,500	-17.2	8.7	55.1
<b>Sex</b>						
Men	518,930	525,430	548,760	-1.2	-4.3	56.7
Women	328,380	339,760	386,700	-3.3	-12.1	55.4
<b>Age</b>						
Under 25	107,780	108,390	122,780	-0.6	-11.7	54.1
25 to 44	499,250	524,010	573,990	-4.7	-8.7	57.4
45 to 54	177,500	175,350	177,550	1.2	-1.2	59.8
55 and over	62,780	57,440	61,140	9.3	-6.1	44.3
<b>Benefit Levels</b>						
Less than \$50	780	1,080	380	-27.8	184.2	48.8
\$50 - \$100	15,300	22,570	24,240	-32.2	-6.9	52.0
\$101 - \$150	73,890	87,040	94,360	-15.1	-7.8	53.8
\$151 - \$200	122,810	127,900	137,020	-4.0	-6.7	53.4
Greater than \$201	634,530	626,600	679,460	1.3	-7.8	57.2
<b>NATIONAL</b>	<b>847,310</b>	<b>865,190</b>	<b>935,460</b>	<b>-2.1</b>	<b>-7.5</b>	<b>56.2</b>
						<b>57.9</b>

Source: EI Administrative Data

1. This analysis includes claimants who worked while on claim and still received some benefits for those weeks, as well as claimants who received earnings high enough to reduce their benefits to zero for some weeks.
2. Given that some claims straddle two fiscal years, the most recent year for this analysis is for claims established in 1998/99.
3. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories data.

### Benefit Repayment Provision

	People who repaid benefits			Amount Repaid		
	1998	% Change 1997 - 1998 <sup>1</sup>	% Change 1996 - 1997 <sup>1</sup>	1998 (\$M)	% Change 1997 - 1998 <sup>1</sup>	% Change 1996 - 1997 <sup>1</sup>
<b>Province/Territory<sup>2</sup></b>						
Newfoundland/Labrador	3,364	57.5	-34.6	5.4	106.4	-22.8
Prince Edward Island	790	89.4	-29.8	2.0	143.1	32.3
Nova Scotia	4,884	77.7	4.3	8.5	143.7	-3.0
New Brunswick	2,615	80.5	-18.2	3.8	132.3	-22.5
Quebec	26,732	67.4	2.7	31.2	108.6	-0.4
Ontario	43,772	41.6	0.9	38.1	47.8	11.2
Manitoba	1,815	30.9	15.8	2.0	67.3	4.0
Saskatchewan	2,088	29.1	22.3	2.2	79.1	1.3
Alberta	10,803	29.6	16.3	11.3	75.8	1.8
British Columbia	17,711	25.4	-1.7	18.3	58.9	-5.0
Northwest Territories	487	30.9	-0.8	0.6	63.5	-2.4
Yukon	300	12.8	0.0	0.4	61.0	1.3
<b>NATIONAL<sup>3</sup></b>	<b>115,368</b>	<b>44.7</b>	<b>0.7</b>	<b>123.9</b>	<b>76.1</b>	<b>1.4</b>

Source: Benefit Repayment Administrative File (September 2000).

1. Figures for 1996 and 1997 were revised due to updates in data files.

2. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories data.

3. Provincial figures do not add to the national total because non-residents are included.



# Claims Affected by the Intensity Rule

Regular and fishing claims affected by the Intensity Rule										Savings as a result of the Intensity Rule <sup>1</sup>	
	Number of claims affected		Average weekly benefit			Percentage distribution		% of regular & fishing claims		Total savings (\$000)	
	1999/2000	% change 1998/99 1999/00	1999/2000	% change 1998/99 1999/00	1998/99 1999/00	1999/00 1998/99	1997/98	1998/99 1997/98	1999/00 1998/99	1999/2000	% change 1998/99 1999/00
<b>Province/Territory<sup>2</sup></b>											
Newfoundland/Labrador	55,390	11.4	36.5	285	1.7	-1.4	9.1	69.0	60.2	19,816	59.4
Prince Edward Island	15,120	0.9	31.4	268	2.2	0.2	2.5	71.0	66.5	5,210	55.7
Nova Scotia	43,330	10.8	52.8	279	0.6	3.6	7.1	58.8	51.8	11,380	51.6
New Brunswick	52,550	3.8	36.3	273	1.4	-0.6	8.7	63.5	58.7	15,577	51.6
Quebec	226,840	12.7	58.9	285	0.3	0.4	37.4	48.2	41.4	44,324	36.3
Ontario	100,200	18.1	104.0	312	1.6	1.9	16.5	39.8	24.6	14,659	33.9
Manitoba	13,720	28.5	159.2	292	-2.0	6.4	2.3	33.3	24.0	2,116	60.6
Saskatchewan	11,380	24.2	199.3	309	0.5	5.2	1.9	33.5	24.0	2,026	64.4
Alberta	24,390	29.0	201.9	325	-1.5	5.1	4.0	25.8	16.3	3,285	48.0
British Columbia	60,880	18.2	107.0	307	-0.4	2.0	10.0	37.1	27.1	9,603	34.5
Northwest Territories	1,050	45.8	24.1	341	0.4	1.4	0.2	35.9	24.3	298	0.2
Yukon	1,240	12.7	66.7	359	0.9	3.6	0.2	53.5	43.7	347	0.3
<b>Sex</b>											
Men	417,790	11.0	65.8	322	0.4	1.4	68.9	50.4	40.5	100,563	47.0
Women	188,300	20.6	71.0	226	5.1	4.8	31.1	33.7	26.7	28,080	55.0
<b>Age</b>											
Under 25	42,380	3.6	54.5	258	3.6	4.0	7.0	23.6	20.7	6,807	32.4
25 to 44	331,900	11.9	65.7	298	1.1	2.2	54.8	42.4	34.0	70,224	44.2
45 to 54	150,550	18.4	73.6	294	0.0	1.0	24.8	52.7	42.4	32,828	53.5
55 and over	81,260	19.6	71.3	285	-0.2	1.1	13.4	58.1	47.2	18,784	57.6
<b>El History</b>											
Frequent Claimants <sup>3</sup>	436,430	9.7	61.7	304	0.5	2.1	72.0	80.1	66.1	107,400	49.6
All other Claimants	169,660	25.8	86.3	263	3.8	3.9	28.0	20.1	14.8	21,243	36.6
<b>NATIONAL</b>	<b>606,090</b>	<b>13.8</b>	<b>67.3</b>	<b>292</b>	<b>0.9</b>	<b>2.0</b>	<b>100.0</b>	<b>43.7</b>	<b>35.2</b>	<b>128,643</b>	<b>48.4</b>
											<b>125.8</b>

Source: El Administrative Data

1. Estimated reduction in benefits paid to new claims initiated in 1999/00.

2. The territory of Nunavut was created on April 1, 1999. Data for Nunavut are included in the Northwest Territories data.

3. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.



## **Employment Benefits & Support Measures Data Tables**

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## Overview of Labour Market Development Agreements Federal/Provincial/Territorial

Province/Territory	Type of Agreement <sup>1</sup>	Signature Date	Implementation Date	Allocation (\$000) <sup>2</sup>		
				2000/2001	1999/2000	1998/1999
Newfoundland	Co-management	March 24, 1997	March 24, 1997	126,151	116,160	106,382
Prince Edward Island	Co-management	April 26, 1997	April 26, 1997	24,516	22,788	20,985
Nova Scotia	Co-management	April 24, 1997	November 1, 1997	79,916	75,830	71,427
New Brunswick	Transfer	December 13, 1996	April 1, 1997	89,991	83,956	78,031
Quebec	Transfer agreement-in-principle	April 1, 1997	April 1, 1998	594,424	561,145	527,596
Ontario	Implementation agreement	November 28, 1997	N/A	537,695	520,000	499,700
Manitoba	Negotiations paused	N/A	November 27, 1997	49,867	49,351	48,660
Saskatchewan	Transfer	April 17, 1997	January 1, 1999	38,488	37,133	36,132
Alberta	Transfer	February 6, 1998	November 1, 1997	112,661	109,221	106,488
British Columbia	Transfer	December 6, 1996	April 25, 1997	287,023	266,014	247,035
	Co-management	April 25, 1997				
	(commitment to negotiate transfer included in agreement)					
Northwest Territories	Transfer	February 27, 1998	October 1, 1998	3,267	4,812	4,427
Nunavut	Transfer	May 11, 2000	Effective April 1, 2000	2,008	Included in NWT	Included in NWT
Yukon	Co-management	January 24, 1998	February 1998	3,993	3,535	3,166

1. Provinces or territories with transfer agreements assume responsibility for the design and delivery of active employment measures funded through the EI program. Transfer agreements also include functions of the National Employment Service that may differ from one agreement to the next. In co-management agreements the Government of Canada and each provincial/territorial government jointly assume responsibility for the planning, design, and evaluation of active employment measures, while HRDC continues to deliver programs and services through its service delivery network.

2. This chart does not include funds that are transferred to cover administration costs.

## EBSM Client Profile

1999/2000

**Clients Served (%)****Gender**

Men	55.8%
Women	44.2%

**Age**

15 to 19	4.1%
20 to 24	15.9%
25 to 29	15.7%
30 to 44	41.9%
45+	21.5%

**EI Clients Served**

Active Claimants	80.7%
Former Claimants	19.3%

**Client to Participant Ratio**

Clients	481,282
Interventions	645,839
Ratio	1.34

<b>Designated Group</b>	<b>Intervention Participation Rate</b>
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Women	44.2%
Aboriginal Peoples	4.3%
Persons with Disabilities	2.0%
Visible Minorities	3.8%

**Participation in Interventions as a % of Total**

Targeted Wage Subsidies	4.0%
Self-Employment	2.3%
Job Creation Partnerships	2.9%
Skills Development	21.3%
Training Purchases	2.1%
Project-Based Training	0.2%
Employment Assistance	42.9%
Group Services	14.7%
Individual Counseling	6.3%
Supplément de retour au travail <sup>1</sup>	1.8%
Pan-Canadian	1.5%
Total	100.0%

**Regional EBSM participation as a % of Total**

Newfoundland	3.9%
Prince Edward Island	0.9%
Nova Scotia	3.7%
New Brunswick	3.6%
Quebec	18.3%
Ontario	28.2%
Manitoba	4.5%
Saskatchewan	1.4%
Alberta	21.0%
British Columbia	14.4%
Northwest Territories <sup>2</sup>	N/A
Yukon	0.1%
Canada	100.0%

Source: Client Data Set

1 Intervention available in Quebec only.

2. Data for the Northwest Territories and Nunavut (included with NWT data for 1999/00) is not available as a result of data exchange issues.

N/A = Not applicable

# Clients Served by Client Types

1999/2000

	EI Claimants Served Targets	EI Clients Served			Non-Insured Clients Served	Total Clients Served
		Active Claimants <sup>3</sup>	Former Claimants	Total		
Newfoundland	13,665	11,291	3,255	14,546	3,493	18,039
Prince Edward Island	N/A	3,408	411	3,819	516	4,335
Nova Scotia	19,000	11,483	3,828	15,311	2,207	17,518
New Brunswick	65%	13,480	2,048	15,528	3,070	18,598
Quebec <sup>1</sup>	100,000	60,686	26,099	86,785	4,255	91,040
Ontario	N/A	123,366	10,678	134,044	19,350	153,394
Manitoba	65%	11,169	2,210	13,379	7,287	20,666
Saskatchewan	7,700	4,515	777	5,292	1,727	7,019
Alberta	25,676	32,026	12,243	44,269	37,519	81,788
British Columbia	N/A	35,535	11,720	47,255	20,932	68,187
Northwest Territories <sup>2</sup>	65%	N/A	N/A	N/A	N/A	N/A
Yukon	455	324	109	433	265	698
<b>Canada</b>	<b>N/A</b>	<b>307,283<sup>4</sup></b>	<b>73,378</b>	<b>380,661</b>	<b>100,621</b>	<b>481,282</b>

Source: Results Data Set

1. Quebec's LMIDA has a commitment in terms of EI clients served (100,000), with a focus on active claimants.

2. Data for the Northwest Territories (NWT) and Nunavut (included with NWT data for 1999/00) is not available as a result of data exchange issues.

3. Success indicator refers to the number of current Part I claimants accessing EBSMs.

4. An under-estimation has been noted for Group Services.

N/A = Not applicable

New Interventions<sup>1</sup>

1999/2000

	Nfld.	P.E.I.	N.S.	N.B. <sup>7</sup>	Que. <sup>8</sup>	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T. <sup>9</sup>	Yuk.	Canada
<b>Long-Term Interventions</b>													
Targeted Wage Subsidies	1,282	647	978	2,966	8,787	6,999	674	372	829	2,547	N/C	15	26,096
Self-Employment	344	149	726	248	2,900	5,073	487	102	1,216	3,170	N/C	123	14,538
Job Creation Partnerships	4,714	198	952	2,905	1,970	2,569	1,141	382	1,958	1,758	N/A	44	18,591
Skills Development	9,139	2,435	7,135	7,254	36,939	30,750	5,575	4,390	14,294	19,732	N/C	226	137,869
Training Purchases <sup>2</sup>	365	180	1,177	74	2,228	4,701	191	400	1,235	2,896	N/C	19	13,466
Project-Based Training <sup>2</sup>	60	5	36	22	857	222	122	6	66	134	N/A	0	1,530
<b>Total LT Interventions</b>	<b>15,904</b>	<b>3,614</b>	<b>11,004</b>	<b>13,469</b>	<b>53,681</b>	<b>50,314</b>	<b>8,190</b>	<b>5,652</b>	<b>19,598</b>	<b>30,237</b>	<b>N/C</b>	<b>427</b>	<b>212,090</b>
<b>Short-Term Interventions</b>													
Employment Assistance <sup>3</sup>	230	724	3,975	2,237	39,806	48,561	11,358	527	114,509	54,664	N/C	306	276,897
Group Services <sup>4</sup>	916	294	5,095	598	6,329	72,368	2,584	1,596	0	4,854	N/A	11	94,645
Individual Counselling	6,138	1,439	3,020	6,753	5,593	9,623	6,433	29	0	1,357	N/A	2	40,387
Supplément de retour au travail <sup>5</sup>	N/A	N/A	N/A	N/A	11,869	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,869
<b>Total ST Interventions</b>	<b>7,284</b>	<b>2,457</b>	<b>12,090</b>	<b>9,588</b>	<b>63,597</b>	<b>130,552</b>	<b>20,375</b>	<b>2,152</b>	<b>114,509</b>	<b>60,875</b>	<b>N/A</b>	<b>319</b>	<b>423,798</b>
<b>Pan-Canadian<sup>6</sup></b>	<b>1,991</b>	<b>9</b>	<b>671</b>	<b>140</b>	<b>637</b>	<b>1,490</b>	<b>400</b>	<b>959</b>	<b>1,485</b>	<b>2,081</b>	<b>N/A</b>	<b>88</b>	<b>9,951</b>
<b>Grand Total - EBSM</b>	<b>25,179</b>	<b>6,080</b>	<b>23,765</b>	<b>23,197</b>	<b>117,915</b>	<b>182,356</b>	<b>28,965</b>	<b>8,763</b>	<b>135,592</b>	<b>93,193</b>	<b>N/A</b>	<b>834</b>	<b>645,839</b>

Source: Client Data Set

1. Interventions refer to new start participants between April 1, 1999 and March 31, 2000.

2. Program was phased out June 30, 1999.

3. Employment Assistance Services (EAS) is tracked differently across jurisdictions. In some instances intervention data is not captured in a manner that is consistent with the methodology used at National Headquarters for counting interventions. This results in inaccurate intervention counts for EAS interventions.

4. An under-estimation has been noted for Group Services.

5. Available only in Quebec.

6. Aboriginal Human Resources Development Strategy is included with pan-Canadian for this table.

7. Data pertaining to Targeted Wage Subsidies and Self-Employment is under-reported for NB as a result of data exchange issues.

8. Due to a change in systems approximately 2,600 interventions are recorded although they started in 1998/99.

9. Data for the Northwest Territories (NWT) and Nunavut (included with NWT data for 1999/00) is not available as a result of data exchange issues.

N/A = Not applicable, N/C = Not calculated



# EBSM Part I - Final Expenditures

## In (\$000) / By Intervention - 1999/2000

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T. <sup>3</sup>	Yuk.	Canada
Self-Employment	1,006	382	2,416	1,924	12,071	16,719	2,271	722	5,587	7,771	323	175	51,367
Job Creation Partnerships	4,667	382	1,437	638	3,190	5,303	2,126	12	139	2,628	0	106	20,628
Skills Development	19,275	7,340	14,288	19,953	74,734	70,510	15,259	10,166	34,594	38,262	1,637	731	306,749
Training Purchases <sup>1</sup>	1,042	300	1,017	9	5,099	7,724	539	1,184	8,266	2,778	203	76	28,237
Project-Based Training <sup>1</sup>	65	26	0	0	1,808	1,074	348	136	414	597	0	0	4,468
Others <sup>2</sup>	0	16	256	0	3	423	1	128	0	223	0	43	1,093
<b>TOTAL</b>	<b>26,055</b>	<b>8,446</b>	<b>19,414</b>	<b>22,524</b>	<b>96,905</b>	<b>101,753</b>	<b>20,544</b>	<b>12,348</b>	<b>49,000</b>	<b>52,259</b>	<b>2,163</b>	<b>1,131</b>	<b>412,542</b>

Source: Financial Information System

1. Interventions phased out as of June 30, 1999.

2. Others include Coordinating Groups (\$0.939M), Labour Market Boards (\$0.111M) and Canadian Steel Trade and Employment Congress Fee-payers (\$0.043M).

3. For 1999/00, Nunavut data is included with that of the Northwest Territories (NWT).

## EBSM Part II - Final Expenditures

## In (\$000) / By Intervention - 1999/2000

	Nfld.	P.E.I.	N.S.	N.B.	Que. <sup>3</sup>	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T. <sup>4</sup>	Yuk.	NHQ	Canada
<b>Long-Term Interventions</b>														
Targeted Wage Subsidies	6,545	2,326	3,498	16,646	61,908	37,250	2,046	2,965	3,010	9,805	611	101	0	146,711
Self-Employment	3,384	903	6,062	3,804	29,801	45,872	3,665	276	6,278	26,861	396	596	0	127,898
Job Creation Partnerships	22,253	966	4,414	7,230	10,198	26,407	5,959	15	10,705	12,309	0	144	185	100,785
Skills Development	55,797	12,345	30,930	33,453	229,208	140,122	14,753	22,945	55,878	85,310	2,210	985	0	683,936
Training Purchases	5,714	1,084	5,751	0	41,728	22,092	5,258	618	2	5,908	4	129	0	88,288
Project-Based Training	66	108	0	0	35,434	3,587	914	642	0	3,091	0	0	0	43,842
<b>Total LT Interventions</b>	<b>93,759</b>	<b>17,732</b>	<b>50,655</b>	<b>61,133</b>	<b>408,277</b>	<b>275,330</b>	<b>32,595</b>	<b>27,461</b>	<b>75,873</b>	<b>143,284</b>	<b>3,221</b>	<b>1,955</b>	<b>185</b>	<b>1,191,460</b>
<b>Short-Term Interventions</b>														
Employment Assistance	8,477	1,524	8,655	7,840	72,577	138,517	8,917	1,578	30,782	84,897	271	1,134	0	365,169
Supplément de retour au travail	0	0	0	0	5,649	0	0	0	0	0	0	0	0	5,649
<b>Total ST Interventions</b>	<b>8,477</b>	<b>1,524</b>	<b>8,655</b>	<b>7,840</b>	<b>78,226</b>	<b>138,517</b>	<b>8,917</b>	<b>1,578</b>	<b>30,782</b>	<b>84,897</b>	<b>271</b>	<b>1,134</b>	<b>0</b>	<b>370,818</b>
<b>Other</b>														
LMA* Administration Costs <sup>1</sup>	0	0	0	10,356	56,760	0	5,743	9,020	10,981	0	1,918	0	0	94,778
Labour Market Partnerships	12,526	3,510	11,568	1,256	74,674	72,921	6,102	6,618	2,572	12,082	539	311	0	204,679
Research & Innovations	0	0	0	13,678	0	0	1,843	1,474	0	0	0	0	0	16,995
Adjustment to Balance <sup>2</sup>	250	16	53	29	(200)	(560)	54	(206)	195	(897)	668	0	0	(598)
<b>Total Other</b>	<b>12,776</b>	<b>3,526</b>	<b>11,621</b>	<b>25,319</b>	<b>131,234</b>	<b>72,361</b>	<b>13,742</b>	<b>16,906</b>	<b>13,748</b>	<b>11,185</b>	<b>3,125</b>	<b>311</b>	<b>0</b>	<b>315,854</b>
<b>TOTAL</b>	<b>115,012</b>	<b>22,782</b>	<b>70,931</b>	<b>94,292</b>	<b>617,737</b>	<b>486,208</b>	<b>55,254</b>	<b>45,945</b>	<b>120,403</b>	<b>239,366</b>	<b>6,617</b>	<b>3,400</b>	<b>185</b>	<b>1,878,132</b>

Source: Financial Information System and Provincial Audited Statements

\*Labour Market Agreement

1. Administration costs include \$85,578 (salary & non-salary) to administer LMAs, \$6,766 (agreement to develop provincial capacity required for Labour Market Development Agreement implementation), \$154 (staff reorganization) and \$2,280 for rent.
2. Accrual adjustments take into consideration accrual balances at the beginning of the year and at year-end.
3. An expenditure of \$16.56M for Labour Market Partnerships is under review.
4. For 1999/00, Nunavut data is included with that of the Northwest Territories (NWT).

# El Part II Pan-Canadian - Final Expenditures

## In (\$000) / By Intervention - 1999/2000

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T. <sup>2</sup>	Yuk.	NHQ	Canada
<b>Training Purchases</b>	0	0	25	0	0		3	0	70	0	0	0	0	98
<b>Aboriginal Human Resource Development Strategy</b>	1,921	190	1,969	1,400	6,634	22,902	9,662	10,501	11,075	13,170	4,658	1,020	818	85,920
<b>EBSM</b>														
Targeted Wage Subsidies	45	0	130	0	144	0	0	0	0	0	0	0	54	373
Self-Employment	27	2	42	0	14	0	0	0	0	0	0	0	0	85
Job Creation Partnerships	3,706	0	488	0	502	397	0	0	0	129	0	0	0	5,222
Skills Development	461	37	1,109	0	428	0	8	1	0	27	0	0	0	2,071
Employment Assistance	1,414	0	1,662	84	255	1,788	690	0	0	1,288	0	0	689	7,870
<b>Total EBSM</b>	<b>5,653</b>	<b>39</b>	<b>3,431</b>	<b>84</b>	<b>1,343</b>	<b>2,185</b>	<b>698</b>	<b>1</b>	<b>0</b>	<b>1,444</b>	<b>0</b>	<b>0</b>	<b>743</b>	<b>15,621</b>
<b>Other</b>														
Project-Based Training	0	0	0	0	0	0	8	0	0	0	0	0	0	8
CSTEC	0	0	0	0	8	0	0	0	0	0	0	0	0	8
Local Labour Market Board	1,990	277	2,479	712	3,099	4,232	841	468	587	1,875	243	133	0	16,936
Ntl. Labour Market Partnership	318	39	537	4	982	5,424	0	149	249	67	30	0	57,542	65,341
Research and Innovations	8	0	0	15	0	0	97	0	0	0	0	0	10,293	10,413
Others <sup>1</sup>	0	0	0	0	2,567	0	58	0	45	0	0	0	57	2,727
<b>Total Other</b>	<b>2,316</b>	<b>316</b>	<b>3,016</b>	<b>731</b>	<b>6,656</b>	<b>9,656</b>	<b>1,004</b>	<b>617</b>	<b>881</b>	<b>1,942</b>	<b>273</b>	<b>133</b>	<b>67,892</b>	<b>95,433</b>
<b>Grand Total</b>	<b>9,890</b>	<b>545</b>	<b>8,441</b>	<b>2,215</b>	<b>14,633</b>	<b>34,746</b>	<b>11,364</b>	<b>11,189</b>	<b>11,956</b>	<b>16,556</b>	<b>4,931</b>	<b>1,153</b>	<b>69,453</b>	<b>197,072</b>

Source: Financial Information System and Provincial Audited Statements

1. Others include Cree Regional Authority (\$0.981M), Kativik Regional Government (\$1.325M) and Special Projects (\$.421M).

2. For 1999/00, Nunavut data is included with that of the Northwest Territories (NWT).

Average Cost per Intervention<sup>1</sup>

1999/2000

EBSM - Part I & II	Nfld.	P.E.I.	N.S.	N.B. <sup>4</sup>	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T. <sup>5</sup>	Yuk.	Canada <sup>6</sup>
<b>Long-Term Interventions</b>													
Targeted Wage Subsidies	5,073	3,595	3,680	5,599	7,062	5,252	3,036	7,564	3,541	3,747	N/C	3,258	5,559
Self-Employment	12,766	8,638	11,719	23,097	14,443	12,184	12,164	9,784	9,686	10,806	N/A	6,268	12,195
Job Creation Partnerships	6,491	6,808	6,652	2,663	7,051	11,782	7,037	68	5,510	8,269	N/A	5,682	6,691
Training Purchases <sup>2</sup>	18,409	7,689	5,593	94	21,018	5,783	27,344	2,883	5,475	2,524	N/C	2,440	7,699
Project-Based Training <sup>2</sup>	2,183	26,800	0	0	43,456	17,996	9,937	5,118	2,654	9,505	N/A	0	23,196
Skills Development	8,194	8,099	6,490	7,362	8,239	6,847	5,383	7,537	6,271	6,263	N/C	7,593	7,189
<b>Total EBSM Part I &amp; II<sup>3</sup></b>	<b>7,749</b>	<b>7,250</b>	<b>6,477</b>	<b>6,168</b>	<b>9,431</b>	<b>7,374</b>	<b>6,460</b>	<b>6,547</b>	<b>6,202</b>	<b>6,264</b>	<b>N/A</b>	<b>5,920</b>	<b>7,459</b>

Source: Client Data Set and Financial Information System

1. Average cost is equal to Part I + Part II + pan-Canadian expenditures divided by the number of interventions (including Aboriginal Human Resources Development Strategy).

The National Headquarter's allocation and worksharing are excluded. Since short-term interventions are funded out of program funds and administrative funds it is not appropriate to show average cost. Given the differences in program delivery models from jurisdiction to jurisdiction, the reader should be aware of the limitations in using this table for comparison purposes.

2. The average cost of this intervention has been skewed as a result of carry-over and the June 30, 1999 phase-out of this intervention.

3. Expenditures may reflect carry-over from the previous fiscal year, therefore differences in carry-over amount across regions can result in some variance in average costs. Varying durations of interventions may also have an impact on average costs.

4. The average cost of Targeted Wage Subsidies and Self-Employment interventions has been skewed as a result of under-reporting of interventions resulting from data exchange issues.

5. Data for the Northwest Territories (NWT) and Nunavut (included with NWT data for 1999/00) is not available as a result of data exchange issues.

6. Aboriginal Human Resources Development data is included in this table.

N/A = Not applicable, N/C = Not calculated



# Returns to Employment & Unpaid Benefits Indicators

1999/2000

	Clients who returned to employment <sup>1</sup>				Unpaid Benefits (\$M) <sup>1</sup>				
	Targets	Results			Results vs. Targets (%) <sup>2</sup>	Targets	Results		Results vs. Targets (%) <sup>2</sup>
		Apprentices	Group Services	Total			Apprentices	Group Services	
Newfoundland Prince Edward Island Nova Scotia New Brunswick Quebec Ontario Manitoba Saskatchewan Alberta British Columbia Northwest Territories <sup>3</sup> Yukon National Headquarters  Canada	8,133	765	435	9,372	115.23	4.16	1.67	17.21	116.13
	2,224	101	235	3,022	135.88	0.37	0.79	5.00	112.87
	11,145	613	1,768	11,994	107.62	4.01	8.72	28.44	86.03
	6,889	3,146	312	11,684	169.60	6.75	1.13	20.61	129.79
	53,222	0	375	56,244	105.68	0.00	2.34	128.05	109.13
	69,335	6,745	51,379	114,053	164.50	46.67	284.88	465.25	158.00
	9,486	1,216	1,554	14,153	149.20	8.21	7.96	28.74	109.78
	5,175	1,523	222	3,542	68.00	10.52	1.06	14.40	87.54
	20,540	7,645	0	25,268	123.02	57.04	0.00	110.52	121.37
	28,536	4,523	4,734	43,309	151.77	33.28	26.74	118.21	89.42
	464	8	0	125	26.94	0.08	0.00	0.49	12.89
	333	56	8	462	138.74	0.48	0.06	1.48	61.67
	111	1	0	42	38.00	0.00	0.00	0.09	90.00
	215,593	26,342	61,022	293,270	136.03	171.57	335.35	938.49	124.73

Source: Results Data Set

1. Includes Aboriginal peoples.

2. Targets vary depending on the type of Labour Market Development Agreement, the date of implementation, and the circumstances around implementation. In addition to this,

three different methodologies are available for setting targets. These differences account for the variations seen when comparing actual results to that which was forecasted.

3. For 1999/00, Nunavut data is included with that of the Northwest Territories.

## EBSM Designated Member - Women

## New Starts by Intervention (%) - 1999/2000

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T. <sup>4</sup>	Yuk.	Canada
<b>Long-Term Interventions</b>													
Targeted Wage Subsidies	49.1	53.2	39.4	63.0	48.1	45.2	40.5	30.9	40.5	38.2	N/C	32.3	47.2
Self-Employment	43.6	45.0	38.9	32.3	36.1	47.0	42.0	36.3	43.3	43.7	N/C	54.5	41.9
Job Creation Partnerships	32.0	36.4	31.8	53.8	47.0	46.5	31.5	37.3	52.9	43.5	N/A	59.1	42.6
Skills Development	31.0	45.3	32.3	46.0	46.0	34.0	30.5	15.5	25.8	33.4	N/C	31.4	36.1
Training Purchases	15.3	60.0	26.5	56.3	39.0	31.8	23.6	17.0	18.9	32.4	N/C	42.9	36.1
Project-Based Training	63.3	80.0	62.2	36.1	53.1	44.8	38.6	34.2	40.4	44.3	N/A	66.7	51.1
<b>Total LT Interventions</b>	<b>32.8</b>	<b>47.0</b>	<b>32.8</b>	<b>51.2</b>	<b>45.7</b>	<b>37.3</b>	<b>32.1</b>	<b>18.9</b>	<b>29.7</b>	<b>35.5</b>	<b>N/C</b>	<b>41.6</b>	<b>38.5</b>
<b>Short-Term Interventions</b>													
Employment Assistance	46.4	55.9	56.4	49.9	50.8	50.2	56.3	48.2	47.6	48.3	N/C	26.8	49.2
Group Services	45.9	49.0	37.0	47.3	43.8	47.7	40.0	34.3	0.0	43.4	N/A	36.4	46.2
Individual Counselling	40.8	49.5	44.1	46.6	45.4	49.5	43.6	37.9	0.0	47.2	N/A	50.0	45.8
Supplément de retour au travail <sup>1</sup>	N/A	N/A	N/A	N/A	39.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	39.2
<b>Total ST Interventions</b>	<b>41.6</b>	<b>51.3</b>	<b>45.2</b>	<b>47.4</b>	<b>47.7</b>	<b>48.8</b>	<b>50.2</b>	<b>37.8</b>	<b>47.7</b>	<b>47.8</b>	<b>N/A</b>	<b>27.3</b>	<b>47.9</b>
<b>Other EBSM<sup>2</sup></b>	<b>31.4</b>	<b>33.3</b>	<b>30.9</b>	<b>34.9</b>	<b>56.1</b>	<b>39.0</b>	<b>41.4</b>	<b>48.5</b>	<b>41.3</b>	<b>33.6</b>	<b>N/A</b>	<b>100.0</b>	<b>37.2</b>
<b>Grand Total - EBSM<sup>3</sup></b>	<b>35.2</b>	<b>48.7</b>	<b>39.0</b>	<b>49.6</b>	<b>46.8</b>	<b>45.6</b>	<b>45.0</b>	<b>25.4</b>	<b>45.0</b>	<b>43.6</b>	<b>N/A</b>	<b>36.2</b>	<b>44.2</b>

Source: Client Data Set

Participants: Active/Former Claimants/Non-insured

1. Available only in Quebec.

2. Other EBSMs include Canadian Steel Trade and Employment Congress (CSTEC) and Fisheries Restructuring and Adjustment Measures.

3. For designated groups, Aboriginal Human Resources Development Strategy data has been included under benefits and measures.

4. Data for the Northwest Territories (NWT) and Nunavut (included with NWT data for 1999/00) is not available as a result of data exchange issues.

N/A = Not applicable, N/C = Not calculated

# EBSM Designated Member - Persons with Disabilities

## New Starts by Intervention (%) - 1999/2000

	Nfld.	P.E.I.	N.S.	N.B.	Que. <sup>4</sup>	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T. <sup>5</sup>	Yuk.	Canada
<b>Long-Term Interventions</b>													
Targeted Wage Subsidies	2.2	1.7	5.1	0.9	N/C	2.0	3.0	8.4	5.4	2.6	N/C	0.0	1.6
Self-Employment	0.9	6.7	4.8	1.6	N/C	1.6	2.5	3.9	1.8	2.3	N/C	1.6	1.5
Job Creation Partnerships	2.0	3.5	2.9	1.3	N/C	2.0	2.8	8.6	6.2	1.5	N/A	2.3	1.8
Skills Development	2.7	5.4	3.4	0.8	N/C	1.4	2.5	1.0	3.0	2.1	N/C	2.7	1.6
Training Purchases <sup>1</sup>	0.3	9.4	2.4	1.0	N/C	1.1	2.4	3.2	1.1	2.0	N/C	1.2	0.7
Project-Based Training <sup>1</sup>	0.0	0.0	5.4	0.0	N/C	0.8	10.2	0.0	7.7	2.3	N/A	0.0	3.8
<b>Total LT Interventions</b>	<b>2.3</b>	<b>4.9</b>	<b>3.5</b>	<b>0.9</b>	<b>N/C</b>	<b>1.5</b>	<b>2.7</b>	<b>2.2</b>	<b>3.2</b>	<b>2.1</b>	<b>NC</b>	<b>1.9</b>	<b>1.6</b>
<b>Short-Term Interventions</b>													
Employment Assistance	12.0	40.9	6.1	3.7	N/C	3.3	7.2	13.4	2.5	2.6	N/C	2.3	2.6
Group Services	0.3	2.7	1.2	0.0	N/C	0.3	1.4	1.9	N/A	0.8	N/A	0.0	0.4
Individual Counselling	16.3	7.7	5.8	1.1	N/C	3.7	3.9	3.4	N/A	3.5	N/A	0.0	4.8
Supplément de retour au travail <sup>2</sup>	N/A	N/A	N/A	N/A	N/C	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0
<b>Total ST Interventions</b>	<b>14.2</b>	<b>16.9</b>	<b>3.9</b>	<b>1.6</b>	<b>N/C</b>	<b>1.7</b>	<b>5.4</b>	<b>3.9</b>	<b>2.5</b>	<b>2.5</b>	<b>N/A</b>	<b>2.2</b>	<b>2.3</b>
<b>Other EBSM<sup>3</sup></b>	<b>2.4</b>	<b>0.0</b>	<b>3.0</b>	<b>2.3</b>	<b>N/C</b>	<b>1.2</b>	<b>0.8</b>	<b>3.5</b>	<b>3.6</b>	<b>0.9</b>	<b>N/A</b>	<b>0.0</b>	<b>2.2</b>
<b>Grand Total - EBSM<sup>4</sup></b>	<b>5.8</b>	<b>9.7</b>	<b>3.7</b>	<b>1.2</b>	<b>N/C</b>	<b>1.6</b>	<b>4.6</b>	<b>2.7</b>	<b>2.6</b>	<b>2.4</b>	<b>N/A</b>	<b>2.0</b>	<b>2.0</b>

Source: Client Data Set

Participants: Active/Former Claimants/Non-insured

1. Program phased out June 30, 1999.

2. Available only in Quebec.

3. Other EBSMs include Canadian Steel Trade and Employment Congress (CSTEC) and Fisheries Restructuring and Adjustment Measures.

4. For designated groups, Aboriginal Human Resources Development Strategy data has been included under benefits and measures.

5. At the time this report was published, these data were under review.

6. Data for the Northwest Territories (NWT) and Nunavut (included with NWT data for 1999/00) is not available as a result of data exchange issues.

N/A = Not applicable, N/C = Not calculated

## EBSM Designated Member - Aboriginal Peoples

## New Starts by Intervention (%) - 1999/2000

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T. <sup>5</sup>	Yuk.	Canada
<b>Long-Term Interventions</b>													
Targeted Wage Subsidies	3.9	0.0	0.9	3.0	2.3	2.0	9.3	32.4	8.1	4.6	N/C	51.6	3.4
Self-Employment	3.2	0.0	0.7	3.2	1.9	2.3	9.8	8.8	3.7	3.6	N/C	12.2	2.8
Job Creation Partnerships	2.3	1.5	1.2	2.3	8.2	10.0	25.8	44.6	7.3	8.5	N/A	9.1	7.4
Skills Development	3.8	1.4	0.6	0.6	1.5	0.7	10.5	5.7	3.8	3.5	N/C	7.5	2.4
Training Purchases <sup>1</sup>	2.5	0.0	3.6	25.0	7.8	9.3	14.2	37.4	20.3	19.6	N/C	81.0	13.4
Project-Based Training <sup>1</sup>	3.3	0.0	2.7	38.9	3.9	14.3	22.0	96.1	58.3	66.5	N/A	100.0	14.1
<b>Total LT Interventions</b>	<b>3.3</b>	<b>1.0</b>	<b>1.0</b>	<b>1.8</b>	<b>2.3</b>	<b>2.5</b>	<b>12.8</b>	<b>15.6</b>	<b>6.0</b>	<b>6.5</b>	<b>NC</b>	<b>24.5</b>	<b>4.0</b>
<b>Short-Term Interventions</b>													
Employment Assistance	1.7	0.7	1.2	1.6	1.1	1.9	8.5	18.9	8.7	3.1	N/C	6.5	5.0
Group Services	2.9	0.3	0.3	0.0	0.3	0.4	15.7	8.9	N/A	3.4	N/A	9.1	1.1
Individual Counselling	3.9	1.1	0.3	0.5	2.1	0.7	14.2	3.4	N/A	1.9	N/A	0.0	3.5
Supplément de retour au travail <sup>2</sup>	N/A	N/A	N/A	N/A	1.4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.4
<b>Total ST Interventions</b>	<b>3.7</b>	<b>0.9</b>	<b>0.6</b>	<b>0.7</b>	<b>1.2</b>	<b>1.0</b>	<b>11.2</b>	<b>11.3</b>	<b>8.7</b>	<b>3.1</b>	<b>N/A</b>	<b>6.6</b>	<b>3.9</b>
<b>Other EBSM<sup>3</sup></b>	<b>2.5</b>	<b>0.0</b>	<b>22.3</b>	<b>74.4</b>	<b>3.6</b>	<b>96.3</b>	<b>100.0</b>	<b>100.0</b>	<b>94.5</b>	<b>52.0</b>	<b>N/A</b>	<b>100.0</b>	<b>45.2</b>
<b>Grand Total - EBSM<sup>4</sup></b>	<b>3.4</b>	<b>1.0</b>	<b>1.3</b>	<b>1.5</b>	<b>1.7</b>	<b>1.5</b>	<b>12.7</b>	<b>19.8</b>	<b>8.8</b>	<b>4.7</b>	<b>N/A</b>	<b>17.7</b>	<b>4.3</b>

Source: Client Data Set

Participants: Active/Former Claimants/Non-insured

1. Program phased out June 30, 1999.

2. Available only in Quebec.

3. Other EBSMs include Canadian Steel Trade and Employment Congress (CSTEC) and Fisheries Restructuring and Adjustment Measures.

4. For designated groups, Aboriginal Human Resources Development Strategy data has been included under benefits and measures.

5. Data for the Northwest Territories (NWT) and Nunavut (included with NWT data for 1999/00) is not available as a result of data exchange issues.

N/A = Not applicable, N/C = Not calculated



# EBSM Designated Member - Visible Minorities

## New Starts by Intervention (%) - 1999/2000

	Nfld.	P.E.I.	N.S.	N.B.	Que. <sup>4</sup>	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T. <sup>5</sup>	Yuk.	Canada
<b>Long-Term Interventions</b>													
Targeted Wage Subsidies	0.2	0.3	1.9	0.3	N/A	4.1	13.2	3.3	9.9	5.8	N/C	6.5	2.5
Self-Employment	0.0	0.0	2.1	0.0	N/A	5.5	5.9	2.0	3.6	3.2	N/C	0.8	2.8
Job Creation Partnerships	0.0	1.0	3.0	1.4	N/A	2.4	9.2	2.3	7.9	1.9	N/A	2.3	2.3
Skills Development	0.1	0.8	1.6	0.2	N/A	5.2	7.6	1.5	4.9	4.5	N/C	1.3	2.8
Training Purchases	0.0	1.7	1.6	2.1	N/A	4.1	5.2	0.6	3.6	3.8	N/C	0.0	2.8
Project-Based Training	0.0	0.0	2.7	2.8	N/A	8.1	3.9	0.0	1.9	4.4	N/A	0.0	0.9
<b>Total LT Interventions</b>	<b>0.1</b>	<b>0.7</b>	<b>1.8</b>	<b>0.5</b>	<b>N/A</b>	<b>4.8</b>	<b>8.1</b>	<b>1.6</b>	<b>5.2</b>	<b>4.2</b>	<b>N/C</b>	<b>1.4</b>	<b>2.7</b>
<b>Short-Term Interventions</b>													
Employment Assistance	0.4	1.7	3.3	0.7	N/A	9.7	9.2	6.6	6.6	4.6	N/C	1.3	5.6
Group Services	0.0	0.7	1.0	0.2	N/A	1.5	8.6	2.1	N/A	2.6	N/A	0.0	1.6
Individual Counselling	0.1	1.2	1.9	0.4	N/A	4.9	7.6	17.2	N/A	12.4	N/A	0.0	3.0
Supplément de retour au travail <sup>1</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total ST Interventions</b>	<b>0.1</b>	<b>1.3</b>	<b>2.0</b>	<b>0.4</b>	<b>N/A</b>	<b>4.8</b>	<b>8.6</b>	<b>3.4</b>	<b>6.6</b>	<b>4.6</b>	<b>N/A</b>	<b>1.3</b>	<b>4.4</b>
<b>Other EBSM<sup>2</sup></b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>	<b>7.0</b>	<b>15.7</b>	<b>6.9</b>	<b>1.7</b>	<b>0.0</b>	<b>2.4</b>	<b>6.1</b>	<b>N/A</b>	<b>0.0</b>	<b>2.6</b>
<b>Grand Total - EBSM<sup>3</sup></b>	<b>0.1</b>	<b>1.0</b>	<b>1.8</b>	<b>0.5</b>	<b>N/A</b>	<b>4.8</b>	<b>8.4</b>	<b>1.9</b>	<b>6.4</b>	<b>4.5</b>	<b>N/A</b>	<b>1.3</b>	<b>3.8</b>

Source: Client Data Set

Participants: Active/Former Claimants/Non-insured

1. Available only in Quebec.

2. Other EBSMs include Canadian Steel Trade and Employment Congress (CSTEC) and Fisheries Restructuring and Adjustment Measures.

3. For designated groups, Aboriginal Human Resources Development Strategy data has been included under benefits and measures.

4. Data unavailable in provincial management system.

5. Data for the Northwest Territories (NWT) and Nunavut (included with NWT data for 1999/00) is not available as a result of data exchange issues.

N/A = Not applicable, N/C = Not calculated

















